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NEWS SUMMARY

GENERAL

Miners in national strike threat

A national miners' strike threatens the Coal Board, unless it withdraws proposals to end production at Snowdon Colliery, Kent.

Miners' president Arthur Scargill said the union unanimously backed the Kent miners' resistance.

The union will demand a meeting with the board on Snowdon's future. It will also *call on Kent miners to withdraw* their local strike call for June 19, in favour of national *action, if the board does not* back down.

A decision on a national strike will be made at the union executive's meeting on July 1 and the recommendation will go before the annual conference in Inverness, a week later. Back Page

Iraq ceasefire

Iraq effectively declared a unilateral ceasefire in the 21-month war with Iran. Page 4

Driver set ablaze

A Belfast bus driver, set ablaze by a bomb, still managed to stop the bus and save his passengers. He is in hospital in a "serious" condition.

Crash kills 22

A collision between a bus and oil tanker near Cirebon, west Java, killed 22 people and injured 15.

Mauritius to vote

Mauritius holds a General Election today and Western diplomats forecast a left-wing coalition will end 14 years of centre-right rule. Premier faces defeat, Page 4

Soviet shuttle

An unmanned Soviet spacecraft, similar to the U.S. space shuttle, was recovered from the Indian Ocean, after a flight last week, it was reported in the U.S.

Boycott call

Two aboriginal representatives left Australia in a move to persuade black African nations to boycott the Commonwealth Games. They accused the Queensland Government of racist policies.

Teachers' pay

Teachers were awarded a 6 per cent pay rise by an arbitration tribunal. Education authorities originally offered 3.4 per cent but agreed to arbitration after teachers took industrial action. Page 11

Auctions move

Sotheby's is closing its Madison Avenue and Los Angeles galleries and using its purpose-built York Avenue Galleries, in New York, instead. Page 10

England arrive

England's World Cup soccer squad arrived in Bilbao as Spanish police warned fans to carry identification at all time.

Test score

England were 278 for six. (Randall 84 not out, Edmonds 59 not out) in the First Test against India, at Lord's.

Brainchild

Pregnant Mrs Dawn Clark, of Wigginton, Yorks, took a GCE human biology examination in a maternity hospital bed. She is expecting her third child.

Briefly . . .

West German film director Rainer Werner Fassbinder, 36, was found dead in his Munich flat. Page 17

Scotland opened their Rugby Union tour of Australia with a 44-16 win over a Queensland Country XV.

BUSINESS

Equities off 8.8; gilts fall by 0.35

● EQUITIES continued to be affected by international and domestic troubles. The FT 30-share index fell 8.8 to 578.5. Page 39

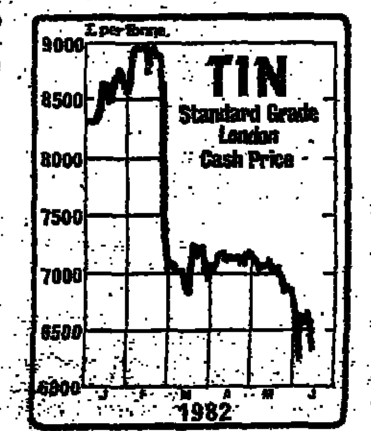
● GILTS were also lower. The Government Securities index lost 0.35 to 69.78. Page 39

● *STERLING lost 90 points to* $1.765, the lowest for nearly two months. It also fell to *DM 4.2575 (DM 4.285), FFr 11.11* (FFr 11.17), SwFr 3.635 (SwFr 3.6525) and Y439.5 (Y441.5). Its *trade-weighted index was 90.4* (90.9). Page 40

● DOLLAR fell to DM 2.411 (DM 2.415) and FFr 6.295 (FFr 6.2975) but was unchanged at SwFr 2.0575 and rose to Y249.1 (Y248.0). Its trade-weighted index was 117.2 (117.0). Page 40

● GOLD fell $1.5 to $326.875 in London. In New York the Comex June close ws $326.75 ($327.5). Page 33

● TIN prices fell sharply again in the absence of any support buying from the buffer stock of



the International Tin Council. Cash tin lost £230 to £6,320 a tonne because of continued speculative selling. Page 33

● WALL STREET was up 2.66 to 798.23 near the close. Page 38

● EUROPEAN STEEL producers appeared to have failed to head off a trade confrontation with the U.S. over imports.

● NIGERIA may withhold payment *to British and other com*panies for goods worth several million pounds delayed in leav*ing their country of origin.* Page 8

● TEXTILE EXPORTERS are resisting strongly the EEC's attempts to impose strict import quotas under the Multifibre Arrangement. Back Page

● SWEDISH INCOME TAX is to come down to a maximum of 50 per cent by 1985 for most workers. Page 5

BTR takeover of Serck approved

● MONOPOLIES and Mergers Commission approved BTR's *takeover of Serck, valve manu*facturer, after a seven-month investigation. Page 11; *Editorial comment, Page 18*

● ARGYLL FOODS' £81m offer for sale to finance its Allied Suppliers acquisition has attracted applications for only 25m of the 95m shares. Back Page and Lex

● TALBOT UK has given up hope of selling Robins and Day, its retailing business. Page 9

● SEAGRAM COMPANY, Canadian distiller, saw third quarter net earnings fall from U.S.$ 59.9m to $53.7m (£30.4m). Page 28

● HILL SAMUEL GROUP, merchant banker, reported a near 42 per cent rise in net profits to £15.99m for the year to end March. Page 20; Lex, Back Page

● B. ELLIOTT and Company, machine tool and engineering group, reported a pre-tax loss of £1.49m in the year to March 31, compared with a profit of £6.56m last time. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Akroyd & Smithers	226	+ 8
Minet	221	+ 10
Rolfe and Nolan	72	+ 14
Stakis	70	+ 5
Tilbury	535	+ 10
Glaxo	711	− 7
Gt. Portland Ests.	152	− 10
Hill Samuel	160	− 7
ICI	324	− 8
Johnson Grp Clnrs	225	− 7
LCP	54	− 5
Lloyds Bank	390	− 12
Midland Bank	340	− 15

FALLS		
Exqr 12pcCnv '85	£97¼	− ⅝
Exqr 13¼pc 1996	£97¼	− ⅝
Amersham	316	− 7
Applied Computer	191	− 7
BPB	456	− 10
Blue Circle	486	− 8
British Aerospace	216	− 8
Christies Intnl	126	− 6
Distillers	178	− 7
Elliott (B.)	53	− 13
Ferranti	770	− 20
Firth (G. M.)	161	− 6
GEC	934	− 14
Nimslo	160	− 25
Northern Foods	150	− 6
Notts Manufacturing	175	− 8
Pilkington	228	− 5
Smiths Inds	348	− 9
Sonic Sound	48	− 9
Sothebys	275	− 12
Vickers	149	− 5
Cons Gold Fields	333	− 12
Palabora	450	− 25
Peko-Wallsend	243	− 13
RTZ	377	− 20
Western Mining	188	− 9

Haig declines to visit Jerusalem because of action in Lebanon

BY REGINALD DALE AND JONATHAN CARR IN BONN

MR ALEXANDER HAIG, the U.S. Secretary of State, last night turned down an invitation to visit Jerusalem in the strongest gesture of disapproval yet made by Washington at Israeli action in the Lebanon.

Although the U.S. continued its efforts to arrange a ceasefire and an Israeli withdrawal Mr *Haig refused to travel to Jeru*salem on the grounds of Israeli inflexibility.

The Middle East conflict and the arrival in Bonn of Prince Saud, the Saudi Arabian Foreign Minister — overshadowed the Nato summit which had originally been intended as a major demonstration of Western unity at a time of rising international tension.

As it was, the heads of government *abandoned efforts* to issue a joint declaration on the conflict in Lebanon after it was *realised that the gulf between the Europeans and the U.S. was too great.* The EEC countries had on Wednesday issued a strong declaration accusing Israel of flagrantly violating *international law and dangling* the threat of economic sanctions.

France also argued strongly that it would be inappropriate for a Nato meeting to issue such a declaration as that reportedly first proposed by Mrs Margaret Thatcher.

This was later given as the official reason for the declaration's non-appearance.

From Bonn, President Ronald Reagan made a second appeal, to Mr Menahem Begin, the Israeli Prime Minister, which the White House said was friendly but firm and persuasive. It was also revealed that President Leonid Brezhnev of the Soviet Union had communicated his concern to Mr Reagan.

In Tel Aviv, Israeli officials said the American initiative had been launched after Mr Brezhnev had delivered a blunt warning to the Americans to halt the war before Russia's Syrian allies suffered a major defeat in Lebanon at the hands of the Israeli troops.

Mr Begin conferred by phone with Mr Haig during the morning. A senior Israeli official said that Mr Begin had told the Americans that "Israel has no objection to an immediate *ceasefire,* but we cannot agree to Syrian intervention in our fight against the Palestinian terrorists."

U.S. officials said Mr Reagan had made no threat to withhold arms supplies in his letter. The first American priority remained a ceasefire and an Israeli withdrawal before blame for the conflict was apportioned to either side, they said. At a meeting with Mr Reagan arranged at Saudi Arabia's request Prince Saud expressed *the great personal concern of* King Khaled but made no threats, U.S. officials said.

Prince Saud, who also saw Herr Hans Dietrich Genscher, the German Foreign Minister, *was expected to fly on to London for talks today with Mrs Thatcher.*

After the meeting, Prince Saud said Israeli behaviour could no longer be tolerated and offered his country's help in arranging a ceasefire

Nato peace plan

As 300,000 people demonstrated in Bonn against the nuclear arms race, the Nato *conference issued a programme "for peace and freedom."* It stressed that *Nato would never use force* except in self-defence and urged the Soviet Union *to join in showing "restraint* and responsibility." Back Page

Israel warns Syrian army to leave Beirut quickly

BY DAVID LENNON IN TEL AVIV AND ANTHONY McDERMOTT IN BEIRUT

ISRAELI forces converging on Beirut yesterday threatened to occupy the Lebanese capital and issued the Syrian forces in the city with an ultimatum to withdraw "within a few hours."

At the same time, elements of the U.S. Sixth Fleet and the Soviet Mediterranean naval force were approaching the Lebanese coast, according to Israeli reports.

During the day, Israel launched the heaviest air attack of the war against Palestinian targets in and around Beirut, and the army spokesman in Tel Aviv said that Israeli and Syrian armour were engaged in heavy and prolonged battles in the Bekaa Valley in eastern Lebanon.

Israel also claimed to have shot down 20 Syrian aircraft during the day, bringing claimed Syrian losses to 59 since Sunday.

From early morning, waves of Israeli aircraft made repeated raids near Beirut airport and on the southern suburbs where most Palestinian guerrillas are based.

The refugee camps at Sabra and Bourj al-Branjneh were believed to have been hit several times, while Israeli gunboats shelled the coastline.

A Syrian military spokesman said Israeli attacks had intensified during the day particularly in the Bekaa Valley and near Beirut. He claimed that Syrian ground and air forces had inflicted heavy losses on the Israelis.

Casualties in Beirut have been heavy with stretchers lined up outside the entrance to the American University Hospital.

Thousands of Beirut residents fled to the Christian enclave east of the city yesterday in anticipation of an Israeli assault on the mainly Moslem western areas.

Leaflets dropped on Beirut yesterday warned the Syrian troops: "The Israeli forces outnumber yours and will shortly take over the city."

Written in Arabic, they urged the troops to withdraw along roads indicated on an accompanying map. They added that Israel had allocated large forces to the capture of the city backed by tanks, aircraft and naval vessels. The Israeli army would carry out its mission "quickly and accurately whatever the price."

Middle East details, Page 4; Lombard, Page 19

Lowry called in over NHS row

BY PHILIP BASSETT AND PETER RIDDELL

THE GOVERNMENT yesterday made a significant concession in the increasingly bitter health service dispute by calling in Mr Pat Lowry, chairman of the Advisory, Conciliation and Arbitration Service, to act as an intermediary between the Government and the striking National Health Service unions.

However, the Government *has ruled out formal arbitration* in the dispute by Acas. Mr Norman Fowler, *Secretary for Health said in the Commons that* this would amount to little more than splitting the difference between the two sides.

Mr Lowry is to act in a private and personal capacity to try to seek common ground between the two sides, Mr Fowler said. Until that was achieved there was little point in any further meetings between himself and the unions.

Mr Lowry, an experienced and tactful negotiator, will not be empowered to put forward any proposals on the dispute, still less to make any pay offers. Instead, he will act as a messenger between the two sides.

Mr Fowler hoped that Mr Lowry would succeed, but said: "I am bound to warn that the present claims made by the unions [which are seeking rises of roughly 12 per cent] and their actions are a substantial barrier."

Mr Fowler repeated his hint that the Government might increase the 6.4 per cent offered to nurses, but made it clear that he had less sympathy for the other health workers, who have been offered 4 per cent rises.

The Royal College of Nursing had a no-strike agreement. But the other unions were "committed to a continuing campaign of industrial action which puts patient care at risk and that fact must be considered a barrier between us." Following two 24-hour strikes, the unions have called a third for June 23.

Mr Fowler said he was close to the RCN, and was due to meet them soon.

Ministers have so far firmly resisted making any further money available to the NHS, so any pay rises above the existing offer will have to be financed from within the cash limit announced in the Budget.

Mr Lowry's discussions are likely to focus on possible ways of finding savings to finance any slightly higher pay rises, notably by a reduction in the number of jobs. But officials last night stressed that patients' services must be protected.

It is, however, clear that the Government is prepared to move only slightly on the size of pay rises available to both nurses and ancillary workers. Some MPs considered that there might be a margin of manoeuvre of 1 or 2 percentage points.

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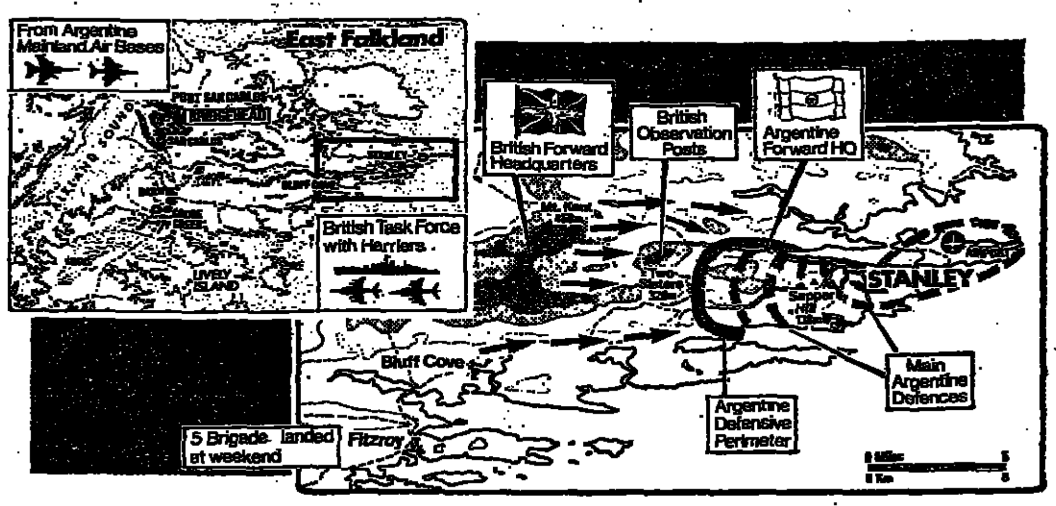

Falklands plan 'undeterred by landing ships attack'

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN'S PLANS to recapture Port Stanley and repossess the Falkland Islands have not been prejudiced by Tuesday's attack on British landing ships, Mr John Nott, the Defence Secretary, said yesterday.

Mr Nott refused to disclose the level of casualties suffered in the attacks on the two landing ships, which were unloading men and supplies in the Fitzroy area of East Falkland.

He said, in a Commons statement that such information would assist the enemy and put our own men at greater risk. He gave little detail of the action, but said he hoped to have more information soon. Next of kin were being informed.

Some observers were interpreting the attacks on the Sir Galahad and Sir Tristam as *potentially more damaging than* the loss of HMS Coventry nearly three weeks ago, but Mr Nott put a brave face on the Fitzroy incident.

He described the task force's operation over the last two months as "a series of major victories with some setbacks." "Our forces have done magnificently and will go forward with another victory very soon," he said.

The British Government is *not prepared to involve any foreign country or the United Nations in the administration it plans to establish over the* Falkland Islands after they are repossessed, according to *those close to ministers in the inner cabinet.* It apparently wishes the administration to be as familiar as possible to the islanders and favours sending Mr Rex Hunt back as governor.

Mr William Whitelaw, deputising for the Prime Minister who is at the Nato summit in Bonn, said earlier that loss of British lives in the Falklands made it "unthinkable" for Britain to negotiate with Argentina about the future of the islands.

Mr Cranley Onslow, Minister of State at the Foreign Office, underlined the Government's tough stance. *He said in a* written answer yesterday that the Government would consider carefully "the question of claiming reparations from Argentina after the complete repossession of the Falkland Islands."

Neither Mr Nott nor officials in the Defence Ministry would comment yesterday on current military operations. British *troops are known to be concen*trated in the Mount Kent area, barely 10 miles from Port *Stanley. They are believed to* hold the hills north of Stanley, and to be probing the Argentine *defensive "horseshoe" some* three or four miles from the town.

*Despatches from correspon*dents there have indicated that *the troops—probably most of* the 9,000 so far landed on the *islands—are ready to move once* the weather is clear enough.

However, Argentine reports that its forces threw back a British advance remained *unconfirmed in London yesterday.*

The Argentine military command in Buenos Aires said *yesterday that an artillery duel* lasted eight hours on Wednesday until British batteries ceased to respond.

The Argentine communique said the attack on Tuesday had sunk a frigate and damaged or destroyed three assault ships.

Mr Nott accepted in the Commons that four vessels had been hit. He said one of the landing ships—the Sir Tristram

Continued on Back Page
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Pound lower after British losses

BY PAUL TAYLOR

THE POUND dropped to its lowest level against the dollar for nearly two months in London yesterday as the foreign exchange markets reacted nervously to reports of British losses in the Falklands earlier this week.

Foreign exchange dealers in London reported that the pound came under particularly strong pressure from U.S. sellers. There were some signs that the Bank of England had been forced to intervene after the pound sank below the $1.76 level during the day. The pound closed 90 points down on the previous day at $1.7650.

The pound was also weaker against all the major Continental currencies, falling to DM 4.2575 from DM 4.2850 and to FFr 11.11 from FFr 11.17.

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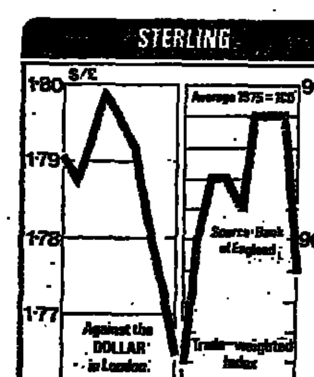
Money Markets, Page 40

£ in New York	June 9	Previous
Spot	$1.7735-7750	$1.7785-7800
1 month	0.25-0.30 pm	0.26-0.31 pm
3 months	0.96-1.05 pm	1.05-1.10 pm
12 months	3.45-3.60 pm	3.50-3.60 pm



Hilary Barnes in Copenhagen reviews the minority Government's skilled balancing act in pursuit of its long-term policy

Master of double bluff manipulates Denmark's economic demand

ONCE AGAIN Mr Anker Joergensen, Denmark's Prime Minister, demonstrated his consummate skill as a parliamentary negotiator last week. He made another deal which will keep his minority Social Democratic Government in office for a few more months—and months with Mr Joergensen can easily run to years.

He has so far wrangled his way to an unbroken spell of seven years in office. Although the administration which he formed after last December's general election is his weakest yet, this may only serve to sharpen the appetite of the ex-trade union chairman for outmanoeuvring everyone else with a virtuoso display of bluff and double bluff.

The current administration can only survive if it achieves the support both of the Left-wing Socialist People's Party (SPP) and the social-liberal Radical Party. By daring the SPP to bring down a "workers' government" and the fence-sitting Radicals—the super-wets of Danish politics—to let loose a non-socialist administration, the Prime Minister has so far taken every trick.

Last week's showdown was about economic policy. The Government put forward a three-point plan: financial aid for agriculture, job creation measures and a series of increases in indirect and excise taxes (18 bills were involved in all) to pay for these measures.

On agriculture, the farmer's organisations said they needed a series of tax concessions and better credit facilities to improve their cash flow in the next couple of years, totalling about DKr 3.5bn (£240m) a year, as the cost of avoiding mass bankruptcies.

The farmers claim, however, that the Government succeeded in negotiating a net increase in farm aid worth only DKr 250m with the Radicals—who, by tradition, represent the smallholders. The increase is actually about DKr 1.5bn a year, but most of it is money which had been voted to the farmers earlier, some of it two years ago. First trick to Mr Joergensen.

The long-term part of the agricultural package is an agreement to establish a state Land Bank next year. This will be able to convert mortgages for up to DKr 10bn a year in return for first priority mortgages in the Bank with a low nominal interest rate, but the mortgages will be index-linked to the value of the land. The farmers' organisations claim this will lead to the gradual nationalisation of the land.

The Land Bank is controversial for other reasons. The farmers' problems arise from the very high interest rates they have to pay on the large investments they made in the mid-1970s. They need relief from the heavy burden of debt, which threatens to bring about half the farms worked on a full-time basis to bankruptcy over a period of three or four years.

The index-linked mechanism suggested for the Land Bank, however, would not only prevent the farmers from making a capital gain but also from ever improving their incomes as the mortgage payments will automatically rise as times get better. As Mr Frede Andersen, an economist at the Copenhagen Agricultural University described it, "the Bank seems to be a mechanism for making the crisis in agriculture permanent."

The job creation scheme will cost about DKr 3.5bn in a full year. It involves the expansion of training and education opportunities and a DKr 1bn programme to provide subsidised jobs for the under-25s, where the current unemployment rate is about 16 per cent. The programme also allows local government councils to start up production projects to provide subsidised jobs.

There are safeguards designed to prevent direct competition with private companies. The employers' federation fears that this is the thin edge of a wedge which can lead to serious distortions of the labour market, the main effect of which will be to move jobs from the private to the public sector. The only important concession the Government had to make in these programmes, however, was to restrict the programme to the under-25s. Second trick to Mr Joergensen.

The Finance Ministry estimated the total cost of the expenditure increases and revenue short falls involved in the Government's measures at DKr 5.1bn this year and DKr 7.1bn in 1983. The Government's proposed tax increases were supposed to bring in about DKr 3.6bn in a full year. However, the Radicals declined to support an increase in the tax on heating oil worth DKr 444m and the SPP threatened the Government's existence by declaring its unwillingness to vote for virtually any of the tax increases.

The SPP finally settled for the postponement of the increases in the taxes on beer and tobacco until December, a revenue loss of about DKr 600m for 1982. This was good enough for the Prime Minister, however, who thus took the rubber.

Whether this was what the economy wanted is a matter of bitter controversy. Mr Knud Heinesen, the Finance Minister and architect of a medium-term programme formulated in 1979-1980, claims that the economy is on the right path.

Since 1979, there have been relatively modest wage increases—about 10 per cent a year—and three devaluations which, combined with the strength of sterling and the dollar, have led to an effective trade-weighted devaluation with the kroner of about 15 per cent: together, these have improved Danish competivity. Further, tough restraints on private consumption and the drop in investment have reduced the demand for imports, bringing the balance of goods and services into surplus for the first time since 1972.

The Danish Government has also achieved a huge switch in demand from the private to the public sector. Between 1978 and 1982, about 75,000 jobs were generated in the public sector, while 60,000 private-sector jobs have ceased to exist.

Unemployment is still running at about 10 per cent: the current balance of payments is heavily in deficit as a result of rising interest payments of a net foreign debt of DKr 117bn (28.5 per cent of gross domestic product); interest rates on long-term debt borrowing are averaging about 21.25 per cent; and—the new threat to economic stability—the budget deficit is now estimated to rise to about DKr 51bn (11 per cent of GDP) in 1982—with no prospect of a reduction.

An essential part of Mr Heinesen's medium-term programme was a gradual reduction in the real growth of public spending to zero in 1983 from about 5.5 per cent in 1979. But rising unemployment, job creation measures and interest on government debt have made a mockery of this target. Growth in the rate of government spending dipped to 2.8 per cent in 1981, but is expected to increase by 4 per cent in 1982, according to the Finance Ministry, reaching DKr 275bn, or about 60 per cent of GDP.

So far the Government has borrowed rather than allowed the tax burden to increase but, in the long run, as the independent Economic Advisory Council points out in its latest report, this is unsustainable. The further pursuit of the switch in demand will force the Government to allow a substantial increase in the level of real taxation.

'Cold-shoulder' for PM

THE U.S. Administration is resisting attempts by the Danish Government to obtain an invitation for Prime Minister Anker Joergensen (right) to visit Washington in connection with Denmark's assumption of the EEC presidency on July 1, according to reports here, writes Hilary Barnes in Copenhagen.

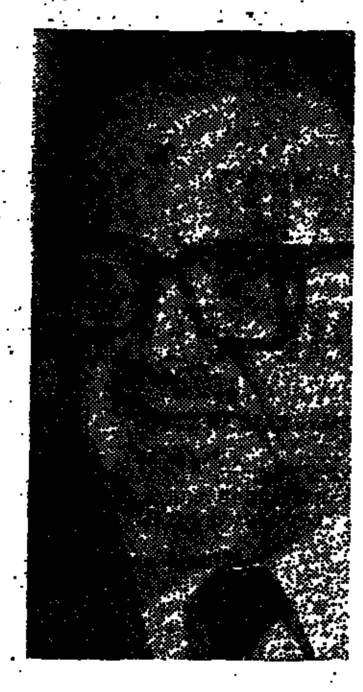
The Foreign Ministry is refusing to comment on the report in the daily newspaper Berlingske Tidende.

Mr Henning Christophersen, the Liberal Party leader and a former Foreign Minister, says he will ask in Parliament whether a meeting has been arranged and, if not, why not?

The newspaper blames the U.S. Government's reluctance on highly critical remarks made by Mr Joergensen earlier in the year about U.S. policy towards El Salvador, Turkey and Poland. He accused Washington of applying double standards.

It is a fairly regular practice for the head of government of the country holding the presidency of the Community to go to Washington to meet the U.S. President.

● Denmark's trade gap widened to DKr 1.3bn (£89m) in April compared with DKr 700m (£48m) a year ago. The deficit for the first four months also rose, to DKr 4.5bn (£310m) from DKr 3.3bn (£227m) in the same period of 1981. Imports so far this year have increased by 14.3 per cent to DKr 46.5bn (£3.2bn) and exports by 13.9 per cent to DKr 41.9bn (£2.8bn).



Income tax reduced sharply in Sweden

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE SWEDISH Riksdag (Parliament) has approved sharp cuts in income-tax. For 90 per cent of Swedes in full-time employment, the maximum rate of tax payable on any part of their income will be reduced to 50 per cent by 1985. The cuts will be effected in three annual stages starting next year.

At present, the so-called marginal rate of tax is 85 per cent for high-salary earners. Rates are so steeply progressive that even a blue-collar worker with an average income pays 75-80 per cent on the top portion of his income.

From this year, anybody earning up to SKr 116,800 (£11,230) a year will pay no more than 50 per cent tax. This ceiling will be increased by 5.5 per cent a year over the next three years.

The tax changes, which are highly controversial, are the result of a compromise between the Centre and Liberal parties, which form the minority Government, and the Social Democrat opposition. The compromise caused the collapse of the majority anti-Socialist cabinet in May last year. The Conservatives, who wanted the tax cuts to be effective earlier and to be more far-reaching, walked out of the Government and voted against the new tax system this week.

The changes also limit the deductions of interest payment on loans, in particular housing loans, which taxpayers can make from their taxable incomes. The new method of deducting interest has been criticised strongly by economists and tax experts and is opposed by the Home-owners Association.

Moreover, the loss of revenue to the Treasury from the tax cuts is to be compensated by a charge on employers equivalent to 2 per cent of their wage bills. The Government hopes that the income-tax cuts will induce the unions to curb wage claims, so that the rise in employers' charges will not increase their labour costs.

Archbishop defends Pope's decision to visit Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH Primate Archbishop Jozef Glemp, yesterday defended Pope John Paul's decision to visit Poland in August and sought to reassure both the authorities and the Soviet Union that the trip will pass off peacefully.

He implied that the very fact that the visit was going ahead, when the country is still under martial law, showed that the political situation had stabilised. He also expressed the hope that it would give an impetus to the search for a political solution.

The archbishop was speaking to thousands of worshippers at the traditional Corpus Christi procession in the centre of Warsaw.

He recognised implicitly that the decision to come to Poland was a controversial one but cited Britain and Argentina as places where "many influential people had warned the Pope not to go."

Answering those in Poland arguing against the trip on the grounds that it would sanction the martial law regime, Mgr Glemp said: "Argentina is a country ruled by a junta of generals which has no shortage of internment camps.

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EUROPEAN NEWS

SUNSHINE, SAUSAGE-SELLERS AND SIRENS AS REAGAN BECOMES BUTT OF BONN'S ANTI-MISSILE DEMONSTRATION

Peace assumes nationalist mantle

BY JAMES BUCHAN IN BONN

SOMEWHERE ON the other side of the Rhine from Bonn, in the great park of living bodies that was the federal capital's largest peace demonstration, a man doused himself with petrol and set himself alight.

Nobody seemed to know, at first who he was or whether he would survive his burns in the ambulance or, above all, why he had done it.

Whatever the answers, his alone of the more than 250,000 bodies sunning themselves around him, was permitted back over the river into the city of Bonn where the Nato leaders were disputing the future course of the alliance and its armament in the presence of the "great actor."

Yet the young man's terrifying action left little lasting impression on the thousands of young West Germans and the professional ecologists, musicians, sausage - sellers, Turks, Palestinians, unilateral disarmers and beer drinkers around them or, even, on the Nato leaders in their ersatz "government quarter" across the river.

Each went about his business, more or less undisturbed by the other, although helicopters buzzed over the demonstrators like flies and a group of 300 masked protesters did penetrate the government quarter, but were dispersed.

Despite the organisers' promise that the demonstration was directed predominantly at Nato's plans for nuclear armament and not at the person of President Reagan, the banners and placards suggested otherwise.

"We don't want you here," said one; another read "If you must send us a crazy actor, send us Jerry Lewis"; "Weep not, if Reagan falls . . ." was a third. Yet, in conversation, the demonstrators were much more mild in their views and even somewhat embarrassed by the banners.

"Reagan is just the embodiment of Western armament, and he is here as a missionary," said a young civil servant, who had bicycled from Osnabrueck. "I have nothing personally against Reagan," said an elderly pastor, who had cleverly knotted a handkerchief to protect his head from the hot sun. "But Reagan was hoping with his visit to take the wind out of the peace movement's sails."

If that, truly, was the intention, it seemed to have failed yesterday, for in numbers the demonstration even exceeded the last major show of strength by the peace movement in Bonn last October.

But perhaps it was only the image of President Reagan, a murderer with missiles, that was easy enough to appeal to all those present, from the teenagers sunbathing in their underwear to Herr Gerd Bastian, the former Bundeswehr general who was the chief speaker, or even Herr Dietrich Stumpf, the man lying badly burned in a Bonn hospital.

It is hard to escape the impression that the peace movement as gathered yesterday, though undeniably pacifist, is also strongly and increasingly nationalist in tone. "For love of Germany, no more missiles."

Effigies of Herr Schmidt and President Reagan are borne aloft in Bonn by protestors demonstrating against the U.S. leader's visit

BNOC ventures into Irish waters

By Brendan Keenan in Dublin

THE BRITISH National Oil Corporation is among 21 companies to venture for the first time into Irish offshore oil exploration, under the terms of Ireland's second licensing round.

In all, 24 blocks have been allocated to 37 companies out of the 108 blocks on offer. This is much less than the high hopes expressed when the round was launched two years ago, but ministers point to a dramatic change in the world oil market since then.

The Department of Energy officials are taking heart from the concentrated interest in the Celtic Sea, off the south coast, where eight or nine blocks were heavily oversubscribed. The shallow water here could make a find of as little as 30m barrels commercial.

Indeed, BNOC is the only company to venture into deep waters under the round, with four blocks in the Porcupine basin off the west coast.

Other companies include Burmah Oil, which heads an international consortium for two blocks off the south coast. Hamilton International Oil is a participant in two blocks in the same area.

Total is involved in three blocks in the Celtic Sea, where its partners include Diamond Shamrock Oil (UK), and Clyde Petroleum The latter is also a partner with, among others, Northgate Exploration Group and Arlington Exploration in two blocks off the Dublin coast.

...Companies with previous experience in Ireland include BP which is involved, along with Gulf Oil, in six south coast blocks.

Phillips Petroleum, which has been drilling off the west coast, did not apply under the round.

Irish companies such as Atlantic Resources, Aran Energy, Bula Oil and Gaelic Oil are represented in the various consortia. Conroy Petroleum has the biggest single Irisht interest, with a 30 per cent share in a south coast block. Premier Consolidated Oilfields is the other partner.

Dutch PM prepares pay changes

By Walter Ellis in Amsterdam

THE INDEXING of wages to prices, which in recent years has brought a degree of peace and order to Dutch pay negotiations, continues to come under threat from the government of Mr Dries can Agt.

Although his minority administration will be in only until the general election in September, he is already confident enough of success in the polls to begin preparations for a change of course on the key wages front.

Mr van Agt believes that indexation has outlived its usefulness and that, in a period of rising inflation (6.3 per cent in the Netherlands), something must be done to hold down prices and boost productivity.

His Christian Democrat Party has been pressing for months for economic restraint, including a 1 per cent wage cut for the civil service, but now Democrats '66, junior partners in the coalition, has put forward a plan for a replacement of the index by tax cuts.

The Prime Minister clearly is attracted by the idea and it is possible that tentative proposals will emerge for a switch between now and the election.

Brussels argues against special EEC arrangements for Greece

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission has broadly advised member governments against "special arrangements" to satisfy Greece's complaints that the Community's rules and policies fail to meet its social and economic needs.

In a detailed analysis of the Greek demands, tabled in March, the Commission virtually accuses Athens of failing to understand the particular benefits of Community membership. It suggests that Greece is failing in some cases to apply for funds available to it.

Greek demands, it argues, can be dealt with either under existing policies or procedures or through proposals which the Commission has already put or is putting to the Council of Ministers.

The Commission's response is not a direct rebuff but it does reject implicitly the Greek request for a decision "to introduce differentiation" into the management of Community policies and for "new mechanisms" making special allowances for the underdeveloped nature of the Greek economy.

Brussels officials tend to believe that there is already more than enough differentiation in the management of the Community. They prefer the word "flexibility" and, in dealing with the Greek demands, they also want to demonstrate to Spain and Portugal that there are limits to the possible renegotiation of membership terms after they join the EEC.

Athens' demands cover competition rules, Community financial instruments and agriculture and fisheries. The Commission rejects the Greek argument that it should be able to derogate for "a reasonable period" from EEC competition rules. It argues that there is already sufficient scope for flexibility in the application of these rules to aid projects and that the requirement for flexibility was recognised in the terms of the treaty of accession with Greece.

It makes it quite clear however, that Athens cannot employ special export aides to help its industries but that, in common with the Greeks, looks favourably on investment aids for small and medium-sized businesses.

As far as EEC financial policies and special help for Greek agriculture is concerned, the Commission declares that its plans for the regional development fund, for the expansion of structural aids for agriculture, together with the Community's commitment to develop Mediterranean agriculture, all offer plenty of opportunities for Greece to obtain more help for its social and economic development.

The report argues pointedly that the recent farm price fixing went a considerable way towards meeting the income problems of Greek farmers.

In effect, the report challenges Greece to fight for its interests within the Council of Ministers and to make every effort to ensure the adoption of Commission proposals of particular advantage to Greece which are still on the table.

France will pay the largest share of Britain's £476m rebate this year from the EEC budget under European Commission proposals to be put to foreign ministers, Reuter reports.

A spokesman said yesterday that the Commission had decided on member states' contributions to the rebate at a meeting on Wednesday, but he declined to give further details.

Comecon accords on technology

BUDAPEST — Communist leaders concluded a three-day economic summit conference yesterday with the signing of agreements on technical co-operation.

The Comecon meeting ended with no word on how the Soviet bloc planned to approach serious problems facing their economies.

In his closing remarks, Herr Willi Stoph, East Germany's Prime Minister, praised the Soviet Union and criticised "the imperialist course toward sharpening of the international situation."

Mr Gyorgy Lazar, his Hungarian counterpart, took a slightly different tone. He said the Communist nations should not only try to work more closely among themselves but also "improve links with countries which have different social systems."

The three agreements announced publicly called for co-operation in producing microprocessors, industrial robots and components for computer systems. All three fields come under a U.S. embargo on sales of advanced technology to the Soviet bloc.

AP

UK expects attack over indexed bonds

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE British Government is likely to come under strong criticism at a meeting of European central bankers and Treasury officials today for its decision to sell inflation-proofed securities to the general public.

The criticism, at a meeting of the EEC Monetary Committee in Brussels, will be led by West German officials who believe indexed government bonds could be a way of institutionalising inflation. They also fear that such bonds could provide unfair competition to other government's debt in the international markets.

British officials will reply that the amount of indexed stock issued so far is very small, and will point out that it has not been particularly popular in recent months.

Far from building inflation into the system, they will say the new indexed gilt edged stock shows the British Government's determination to bring down the rate of inflation.

They will also note that the indexed gilt does not offer an overwhelming advantage to foreign investors at a time when real rates of interest throughout the world are extremely high.

Currently, the three indexed gilts offer a yield to maturity of around 2.9 per cent. At redemption, the bond will be revalued in line with inflation over the period since its issue. Although this gives British investors the certainty of beating inflation, it will be pointed out that foreign investors would have to take an exchange rate risk. Moreover, if they wanted to sell the stock before maturity, there would be no guarantee that the market would have revalued the price in line with inflation.

In spite of these arguments, the Bonn Government so far has refused to countenance the idea of an indexed security and remains unhappy that the idea should have been admitted into Europe.

The Monetary Committee may also discuss general anxieties about the high level of recent French borrowing to support the franc.

There was some speculation in the foreign exchange markets yesterday that these general questions might be discussed by officials today. However, the French franc did not come under much further pressure and it remained somewhat above its "floor" in the EMS system.

DAMASCUS

Genial calm hides anxiety

BY PATRICK COCKBURN

EVERY SHOP in Damascus now has a radio, and people on their balconies can be seen twiddling the dials to try to encourage a weak signal from a foreign station. Only in the last two days have ordinary people in Damascus come to appreciate that the war in Lebanon is real, and may well involve them.

There is another good reason for listening to the news. Between the dollops of propaganda and information, the Government has started a selective call-up of reservists, with code numbers for those ordered to report read out. So far most are specialists such as signalmen and maintenance technicians.

Yet on the road between Damascus and the Lebanese border, signs of military preparation are limited, though by no means insignificant. Yesterday there were plenty of tank transporters travelling in both directions and one or two dug-in tanks could be seen half concealed by the abundant fruit trees.

But the atmosphere remains relaxed. Some anti-aircraft missiles could be seen off the road, but their rockets were not pointing towards the sky. Occasional groups of soldiers ate their rations in the shade. Drivers of cars and buses began to look apprehensive only when Syrian helicopters with rocket pods swooped low overhead.

Control of the road from Beirut to Damascus is crucial to Syria. If it loses free movement on this highway, its forces will be completely cut off, and the Israelis will be within easy striking distance of Damascus. Mount Hermon, its peaks still streaked with snow on the east o fthe Bekaa Valley and the brown mass of the Lebanon mountain range would not protect the capital.

The Syrians feel they must keep control of the valley whatever casualties they suffer. But despite the approach of war the eastern side of the mountains is still very peaceful, with peasants tending fruit trees and fields. Self-conscious soldiers in newly-pressed uniforms looking like reservists drive past in civilian transport.

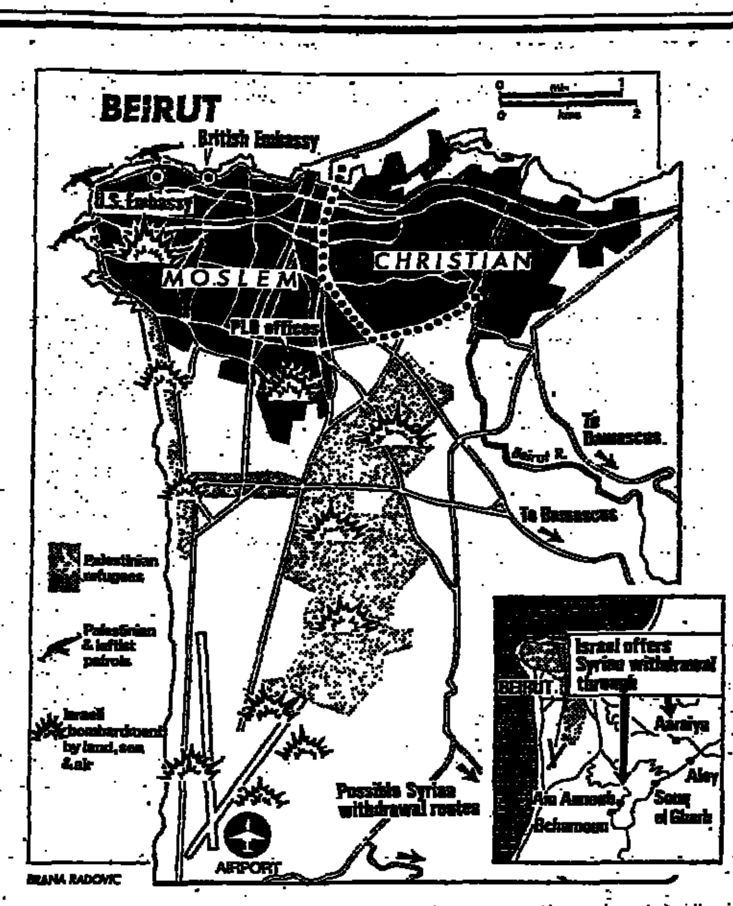
Like officials, diplomats and journalists back in Damascus, the war has caught them by surprise. A limited Israeli assault on Lebanon in pursuit of the Palestine Liberation Organisation was long expected. The near takeover of the entire country was not.

The Government of President Hafez al-Assad has been reduced to near silence as it seeks to avoid a war which it is bound to lose. The President himself cultivates an image of genial calm. On Wednesday night he was pictured with the U.S. envoy, Mr Philip Habib, at whom he beamed benignly.

Damascus is undoubtedly an anxious city. At the best of times it has an air of tension, of people living on their nerves. At the end of last year the capital was crowded with troops protecting buildings against car bombs planted by the Moslem brotherhood. A single bomb killed 175 people.

In February the Government crushed an uprising in Hama with the loss of thousands of lives.

It is hardly surprising that tension rises by the day, as the Syrians wait to see if they are about to go to war again.



TOP LEFT: Israeli troops crouch behind a wall as they search for Palestinian guerrillas. Fierce house-to-house fighting is continuing in occupied Lebanon

BEIRUT

Prevailing circumstances put an end to the festivities

BY ANTHONY McDERMOTT AND NORA BOUSTANY

IT IS an indicator, albeit only a semi-serious one, of the state of tension in Beirut that the British embassy felt impelled to announce in the newspapers yesterday that the party to celebrate the Queen's birthday would have to be postponed "because of the circumstances prevailing in the country."

The Beirutis are, of course, experts in these sorts of crises. The constant overflying of Israeli aircraft started very early yesterday morning and was greeted by hopeful barks of fire from the ground.

People streamed on to balconies to see what was happening—it provided a diversion—for almost all shops and businesses are now shut in the Lebanese capital.

In those that are open, buying has not yet reached panic proportions—except for the purchase of batteries and candles to offset the electricity cuts which are now to rise to eight hours per day.

People are buying staple foods but not meat, for fear of deep freezes not working. Bread queues are being monitored but yesterday tankers were still delivering petrol to garages. Newspapers are appearing normally.

A mild liquidity crisis has started. Banque du Liban, the central bank, was closed yesterday, and the British Bank of the Middle East was restricting withdrawals per person to L£5,000 (£558).

The streets are largely empty, whether in the fashionable centre of town, or in the south east towards the Palestinian refugee camps.

Guns are everywhere, and are being idly carried by people who do not normally do so. For example the janitor at a doctor's clinic, normally clean-shaven and wearing a suit, now carries a Kalashnikov, wears jeans and two days' growth of stubble has begun to darken his chin.

Reuter adds: Clouds of smoke billowed from the airport area, the target of Israeli forces advancing northwards on the city. Big guns dug into the Beirut promontory fired shells at an Israeli gunboat, sending up plumes of water around it.

Palestinians and guerillas belonging to Left wing factions had slept along the seafront, taking turns to watch for possible landing attempts by seaborne Israeli troops.

The Nasserite Murabitoun, most powerful of west Beirut's Leftist militias and veterans of the civil war, cruised along the Corniche road in small trucks fitted with recoil-less bazookas, heavy machine-guns and anti-aircraft batteries.

The "Arab Knights," a Syrian-backed group, reinforced their encampment at the foot of Beirut's defunct lighthouse.

Fighters of the mainly Druze Progressive Socialists played cards on the Corniche verge with their truck-mounted machine-gun parked under a shady tree nearby. Their leader, Druze chieftain Walid Jumblatt, fled his family seat in the Shouf mountains for Beirut two days ago. His order to his fighters was: "Fight the invaders, whatever the cost."

Armies told to leave Beirut area

The following is the text of leaflets dropped by Israeli aircraft over the Lebanese capital yesterday morning:

"I address this appeal to you, from one military commander to another: The Israeli Defence Forces have been forced to enter Lebanon in order to expell all the irregular armed factions which disrupted security and caused terror and destruction.

The Israeli Defence Forces undertook the responsibility of carrying out this task quickly and with precision and force. They have large forces from the navy, army and air force committed to the Beirut city area, including a huge number of tanks. These forces outnumber your forces. In a short time, we will capture the city.

I tell you that I do not doubt your courage. But at the same time, you have the responsibility to protect your soldiers from death and care for the future.

We therefore issued orders to our forces to permit you and your troops to leave the city without hindrance and to use either of the following routes for your withdrawal: 1. Fayadieh-Kahala-Aley; 2. Khaldeh-Bshamoun-ain Anoub-sough al Gharb-Aley.

These routes are indicated on the map on the following page. I promise that our forces have received orders to ensure your exit from the city along the prescribed routes in an honourable manner within a few hours following your receipt of this statement.

Gen Amir Drouri, Commander of the northern district.

AP

Anthony McDermott and Nora Boustany report on the chief candidate

Lebanon in search of a new leader

THE LEBANESE Chamber of Deputies is scheduled to start electing a new president to succeed Mr Elias Sarkis in about 40 days. Constitutionally, he must be a Christian.

Some say that the main parties who elect the man will not just be the Lebanese Front, the alliance of Christian parties, but also Syria, and the U.S. Under the present circumstances, perhaps Israel should be added to the list.

Speculation is obviously a little premature. Mr Sarkis, for example, could be persuaded to stay on for a period. There is also wild talks about Israel wanting to make Major Sa'ad Haddad, the leader of Christian forces in the southern enclave, head of whatever part of the Lebanon Israel chooses to keep occupied.

But in realistic terms, only one candidate stands out — Mr Bachir Gemayel, the 34-year-old son of Pierre Gemayel, the founder of the Kataeb, the Phalangists.

Pierre Gemayel is a confirmed right-wing Lebanese nationalist, who was impressed by the discipline of German youth under Nazism. He stood twice for the Presidency in 1964 and 1970.

Bechir Gemayel

Bachir has not officially announced his candidature. But in a speech last week in Jbeil he outlined the characteristics needed for the job in such a way as to make it plain he had only one person in mind.

Since 1976 Bachir has been commander of the Christian militias, which claim to be able to mobilise some 40,000 men, although half that figure might be more realistic. Bachir joined the Kataeb militia at the age of 11.

Several factors are against his candidacy. The first, particularly given the current state of affairs, is the Israeli connection during the crisis last year over the Syrian siege of the predominantly Christian town of Zahle.

The Phalangists received moral and political support and military supplies from Israel. But the Phalangists, including Bachir, were disappointed at the limits of Israeli support.

Since then Bachir is said to have privately renounced Israeli support. It has remained a source of embarrassment that the Israelis continue to portray themselves as the saviours of Christian freedom in Lebanon.

As to the current crisis, while there is private contentment at the Israeli purging of the Palestinians and the battering of the Syrians, publicly the Christians oppose these developments.

The second factor against Bachir goes back to the 1975-76 civil war when his Christian forces fought for control of Lebanon. He now has a fair collection of enemies among the left, Moslems and Palestinians.

Finally, there is the Syrian dimension. Here again much depends on what happens militarily. But Mr Karim Pakradouni, an important member of the Kataeb Politbureau, has recently been in Damascus, suggesting that Syria's approval was being sought for the presidential front runner.

Whether Bachir could be a unifying force in the country remains to be seen. Yesterday he issued a statement calling on Lebanese Moslems and Christians to draw up together a new national charter to exclude "all foreigners."

There is, except among factions of the left, a lingering desire to have Lebanon freed from successive waves of occupiers.

The Christian enclave north of Beirut is regarded with some envy as a place where, comparatively speaking, things do work.

As one seasoned Lebanese observer despairingly put it, "perhaps a mild bit of Phalangist Fascism could be preferable to what we have now."

TEL AVIV

Diplomacy trails far behind in battle countdown

BY DAVID LENNON

WASHINGTON'S TACIT backing for the massive Israeli invasion of Lebanon appeared to come to a sudden halt at 2 am yesterday, when Mr Samuel Lewis, the U.S. ambassador in Tel Aviv, arrived at the Jerusalem home of Mr Menachem Begin, the Israeli Prime Minister. He brought an urgent message from President Ronald Reagan demanding that Israel stop fighting in Lebanon immediately.

The political haggling began, while the Israeli forces continued to press their attacks on all fronts including devastating air raids on targets in and around Beirut.

At 4 am, as dawn was breaking over the Middle East, two events occurred simultaneously: the Israeli Air Force renewed its bombing of Beirut, and Mr Begin informed his cabinet ministers of the U.S. demand to halt the fighting.

At 7 am Mr Lewis was received again by the Israeli Premier, who gave him Israel's first reply to the Reagan demand. The contents of the reply have not yet been released, but the Israeli armoured columns indicated the response by pressing on with the battle around Beirut and in the Bekaa Valley in eastern Lebanon.

At 9 am the Israeli cabinet convened to discuss the Reagan message. During the meeting Mr Begin held a telephone conversation with Mr Alexander Haig, the U.S. Secretary of State, who is in Bonn. It was suggested that Mr Haig might come to Jerusalem today.

At 10 am, while the cabinet meeting was in progress, Israeli aircraft scattered leaflets over Beirut urging Syrian troops to leave the city and proposing safe exit routes. The leaflets informed General Omar Halal, commander of the Syrian brigade in Beirut that Israel had earmarked for Beirut large numbers of troops from all units, including ground, air and sea forces, together with huge numbers of tanks.

At 11.15 am Israel's Arabic service urged the Syrian troops in the Bekaa Valley to "flee for your lives." The broadcast beamed at the troops said: "You will soon be besieged, you have no way to escape, pause and think, use the chance to flee for your lives."

At 12.30 pm the cabinet meeting ended, and the Cabinet Secretary briefed reporters about the "friendly tone" of President Reagan's message. He pointed out that, while calling for a halt to the fighting, the U.S. leader did not demand that Israeli forces be withdrawn.

Washington officials said later, however, that President Reagan had called for a withdrawal.

Mr Shimon Peres, leader of the opposition Labour Party, told reporters after a meeting with Mr Begin that he was still convinced that Israel "has no intention to capture Beirut." About this time there were reports of intensified Israeli air attacks on Palestinian targets in Beirut and of Israeli attempts to capture Beirut airport.

By 1 pm Mr Lewis was again closeted with Mr Begin, bringing with him a second urgent message from President Reagan demanding a halt to the fighting. The Israelis replied that discussions on the terms for a ceasefire in Lebanon will only start when Mr Haig arrives today.

At 2 pm the Israeli army spokesman in Tel Aviv announced that Israeli warplanes shot down eight Syrian aircraft and one helicopter during the morning when they attacked the advancing Israeli forces. No Israeli aircraft were lost in the dogfights, the spokesman said, adding that Israeli and Syrian forces were fighting on the eastern front in the Bekaa Valley.

At 4 pm Mr Yitzhak Modai, an Israeli minister without portfolio who had visited the military command headquarters in northern Israel, told reporters that no specific time has been set for a ceasefire, stressing that there was no U.S. ultimatum or pressure on Israel to halt the fighting.

At 5.30 pm the Israeli army spokesman announced that another nine Syrian warplanes had been shot down in the afternoon. Israel also claimed to have downed another Syrian assault helicopter.

As dusk began to fall over the battlefields in Lebanon the military men continued to display a far greater sense of urgency than those devoted to finding a diplomatic solution.

EEC financial aid to Israel under threat

BY JOHN WYLES IN BRUSSELS

THE first test of the European Community's implied readiness to take sanctions against Israel following its invasion of Lebanon could come on Monday when a new five-year £22.4m financial protocol is due to be signed.

Although the Israeli mission to Brussels expected the protocol to go through, some diplomats and officials thought that a delay might be possible for "technical" reasons. The protocol, which would be based on European Investment Bank loans to Israel, has been under discussion for many months and is not thought to be notably generous by the Israelis. Delaying its signature would not create any precedents.

At a meeting in Bonn late on Wednesday, EEC Foreign Ministers accompanied an outspoken condemnation of the Israeli invasion with a warning that if Jerusalem continued to ignore United Nations ceasefire and withdrawal resolutions then "the Ten will examine the possibilities for future action."

M Claude Cheysson, the French External Affairs Minister, reportedly spoke of the EEC not extending its co-operation agreement with Israel. However, it is believed that he was actually referring to the new protocol which replaces one which expired last October.

Israel's commercial relations with the EEC are governed by an agreement dating back to 1975 with which it has become increasingly dissatisfied.

In particular, Israel, like some other Mediterranean countries, has been deeply disappointed with the restrictions maintained on its agricultural exports to the Community. An internal Commission analysis of relations with Israel concluded recently however that the deep differences between the EEC and Israel on Middle East issues meant that the Ten were not trying very hard to develop or improve their co-operation with Jerusalem.

Beirut gunman reads Israeli leaflet

Head of Haddadistan goes up in the world

BY STEWART DALBY IN METULLAH, ON THE ISREAL-LEBANON BORDER

THE RULER and military commander of what Israeli officers call "Haddadistan" is short and muscular, with a strong face and narrow eyes giving him a slightly oriental look.

Major Sa'ad Haddad used to ride in a small army Jeep, but has recently graduated to a spanking new Range Rover-style car complete with personal black-and-white pennant on the wing.

The reason for his new vehicle might be greater protection from the dust in this valley. But a more likely possibility is that the car is in keeping with his greater standing since the Israelis invaded Lebanon.

As this 44-year-old father of six daughters bounces around the streets of Metullah, hobnobbing with Israeli officers, he looks conspicuously pleased with himself.

The Israeli invasion is "marvellous for the Lebanese, because it will allow them to control their own destiny," he says.

Major Haddad thought the Israelis should stay in Lebanon "until the PLO had been defeated and all the Syrians had been driven out of the country."

He was perfectly willing to fight the Syrians himself, he said. "Yesterday, they bombed the village of Hasbaiya, killing two women. I am warning the Syrians: if they go on killing our people I will shell Syria myself."

Major Haddad is a major beneficiary of the Israeli sweep. Before, his fiefdom did not amount to much as a buffer zone, let alone as a viable autonomous region. The major, who was cashiered from the Lebanese army in 1979, controls a thin slither of land stretching up to five miles north of the Israeli border and about 37 miles long.

Whether he will link up with Mr Bashir Gemayel, leader of the Christian militia in Beirut to control a "Free Christian Lebanon" seems a matter that only the Israelis can decide.

Pakistan asks for $1.35bn aid pledge

By David Dodwell in Paris

PAKISTAN yesterday appealed to donor countries for aid worth $1.35bn for the fiscal year which begins in three weeks' time—an increase of just 3 per cent on pledges made to Pakistan a year ago. It also called for a fresh rescheduling of debts worth $250m.

While donor countries are unlikely to finalise their aid pledges until this morning, delegates seemed sympathetic and the request seems likely to be met in full.

The World Bank and the International Monetary Fund (IMF) think that the Pakistan economy is being well-managed and that its performance is reasonable.

GNP growth is expected to remain at 6 per cent, while a steady improvement in food production has brought the country close to self-sufficiency. The rate of inflation is below 10 per cent, while public spending has been trimmed, with big cuts in official subsidies.

Exports this year are likely to fall below last year's level, however, because of a slump in demand for the country's two main products, rice and cotton.

Iraq declares unilateral ceasefire

By Roger Matthews

IRAQ effectively declared a unilateral ceasefire in its 21-month war with Iran yesterday. The Supreme Military Command said in a communique issued by the official Iraq new agency that Iraqi military units did not fire a shot or carry out any military operations yesterday.

Iran has rejected an Iraqi offer of a ceasefire in the Gulf war. A statement on the Iranian news agency said yesterday that the offer, coupled with a withdrawal within two weeks from remaining occupied territory, had come too late.

Iran's demands for ending the war include a total Iraqi withdrawal before a ceasefire, the payment of $150bn in war reparations and the removal of President Saddam Hussein.

The Iraqi embassy in London yesterday denied reports that President Saddam Hussein may have been overthrown. Speculation had been fuelled by President Saddam Hussein's absence from the vital meeting of the Revolution Command Council which made the latest offer to Iran.

Mauritius Premier faces defeat after 22 years

BY BERNARD SIMON IN PORT LOUIS, MAURITIUS

BEHIND the desk of Mauritius's Prime Minister Sir Seewoosagur Ramgoolam are stacked about half-a-dozen grey suitcases. His aides refuse to disclose their purpose, but there is little doubt that they will be needed this weekend to remove the 82-year old leader's belongings from the office he has occupied for the past 22 years.

Elections to be held today on this lush sugar island in the Indian Ocean are almost certain to result in the replacement of Sir Seewoosagur's Labour Party coalition by the more left-wing Mouvement Militant Mauricien (MMM) and its junior ally, the Parti Socialiste Mauricien (PSM). Mauritius is one of very few Third World countries where a multi-party democracy and a vigorously free press still survive.

Barring a Labour Party upset, the new Prime Minister will be Mr Anerood Jugnauth, 52, a London-trained barrister and former Development Minister in the Ramgoolam Government.

Like 52 per cent of Mauritius's population, Mr Jugnauth is a Hindu, and owes his position as party leader to the MMM's efforts to woo the traditionally conservative Hindu vote. The PSM is also a Hindu-based group, and will be allotted five seats in the 18-member cabinet. But the real power behind the new government will be Mr Paul Berenger, the MMM's Franco-Mauritian Secretary-General, who is likely to become Finance Minister. Mr Berenger's charisma, political savvy and youth (he is 37) have put him streets ahead of any other politician on the island.

Nonetheless, the MMM coalition has little chance of picking up three-quarters of the seats in the Legislative Assembly, which it needs to be able to change the constitution. It wants to transform Mauritius from a monarchy to an Indian-style republic within the Commonwealth, and to scrap a clause in the constitution which requires full and immediate compensation for industries nationalised by the Government.

Among the nationalised targets are two of the island's 21 sugar estates (as yet unspecified), the national airline, a hotel group and 20,000 hectares (also unidentified) of farm land.

In foreign policy, the MMM plans to abandon Sir Seewoosagur's pro-Western stance in favour of strict non-alignment. Its priorities include closure of the U.S. military base in Diego Garcia, part of an archipelago 1,2000 miles north of Mauritius which Sir Seewoosagur ceded to Britain in 1965.

The MMM has promised not to abolish the island's parliamentary democracy. Mr Berenger says: "We guarantee that elections will be held every five years." His critics fear however that the same problems which have ruined the Ramgoolam Government's electoral chances may encourage Mr Berenger to lose his enthusiasm for elections as 1983 draws closer.

They may also tempt him to experiment with increasingly radical economic policies. Sir Seewoosagur's likely defeat in today's poll is partly a result of his Government's prudent economic and social policies.

Mauritius is a classic case of a revolution in rising expectations. Education and living standards have improved substantially in the past two decades. Secondary school enrolment has more than trebled, as has the number of doctors in the country. The number of infant deaths has been halved to about 30 per 1,000. The annual rate of population increase on this desperately over-populated island has declined from 3.1 per cent in 1963 to around 1.5 per cent last year.

Despite the creation of 21,000 jobs in almost 100 export processing factories in the past decade, the economy has been unable to provide employment for the 10,000 youngsters leaving school each year. The unemployment rat eis close to 20 per cent. Most of the jobless are well-educated by Third World standards, and many school-leavers have to take jobs well below their capabilities.

While unemployment has not yet sparked violence, impatience employment rate is close to 20 among the population—40 per cent of whom are between 15 and and 35 years old—at Sir Seewoosagur's lengthy has grown. "A Government in power for such a long time builds up antagonism and resentment," says a Government economist.

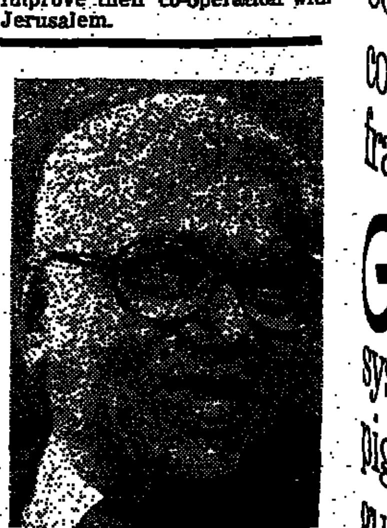
Economic problems have been exacerbated by a balance of payments crisis caused by the slump in world sugar prices and high imports. The value of sugar exports slumped from Rs 2.2bn (£114m) in 1980 to Rs 1.6bn last year, reducing sugar's contribution to total export revenues from 67 per cent to 56 per cent.

The visible trade balance has been in teh red for the past seven years, forcing Mauritius to borrow heavily from the IMF (International Monetary Fund), the World Bank and commercial banks. Were it not for an increase in quotas at the end of 1981, the country would have exhausted its IMF facilities.

Pressures on foreign reserves (and from the IMF) have forced the Government into a stringent austerity programme, costing it further electoral support. The rupee was devalued by 30 per cent in 1979 and a further 20 per cent last September.

But the package has succeeded in curbing imports. The current account deficit is expected to be halved to SDR 70m in the year to June 1982. If present deflationary policies are sustained, it will not widen over the next 12 months and may shrink in the event of a firmer sugar market.

The big question is whether the MMM, assuming it is elected, will want to continue administering the unpleasant medicine. Its economic programme is ambitious—higher wages, more jobs, more social welfare benefits and lower taxes are among its promises. A sudden spurt in wages will plunge the balance of payments back into crisis.



Sir Seewoosagur Ramgoolam likely to lose

Mr Berenger insists that the MMM's answer will be to promote import replacement and curb foreign purchases. Government revenues will be bolstered by cracking down on widespread tax and customs duty evasion, he says, somewhat optimistically.

The MMM's intentions have contributed to sagging morale in the island's business community. Mr Muarice Patureau, chairman of the private sector's joint economic committee, summed up its worries: "If the MMM try to go too quickly, we're going to fail."

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to

N is for network, new ideas, new materials, new products.

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Z

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Death toll in conflict may exceed 1,000

BY ANDREW WHITLEY

TUESDAY'S tragic events around the eastern and southern coasts of East Falkland are likely to prove the worst day of losses so far for the British forces involved in the campaign.

Until then 135 British servicemen were known to have been killed, with the worst single loss being 22 from HMS Coventry. But, at least a quarter as many again may have to be added to the death toll as a result of Tuesday's Argentine air raids.

In Parliament yesterday Mr John Nott, the Defence Secretary, said six had died during the destruction of a small landing craft in Choiseul Sound. He refused to give numbers from the two, much bigger landing ships lost near Fitzroy; but defence sources estimate that 20 of the crew are missing, apart from the soldiers being disgorged at the time.

With Argentina's human losses believed to be roughly four times at great — largely due to the carnage at Goose Green and the sailors drowned on the cruiser Belgrano — the total number of dead in the Falklands war may well exceed the 1,000 mark. That is over half the number of people living on the islands before Argentina's invasion.

Four Royal Navy warships—the Sheffield, Coventry, Ardent and Antelope—have been either sunk or incapacitated. Two auxiliaries, the Sir Galahad and Sir Tristram, have also been lost. On the merchant marine side, only the container ship, Atlantic Conveyor, has sunk.
destroyer HMS Glasgow and the frigate Argonaut, are known to be on their way back to Britain for repairs. HMS Plymouth, another light frigate, was hit on Tuesday but not, apparently, put out of action.

In the air Britain has lost eight Harrier jump-jets out of an original total of about 40. At least a dozen helicopters of all types have also been lost as a result of accidents and enemy action.

P&O criticises financial arrangements for ships

BY CHARLES BATCHELOR

LORD INCHCAPE, chairman of the P & O shipping group, yesterday criticised the government's financial arrangements over the vessels requisitioned to back up the Falklands task force.

Two P & O cruise ships, the Canberra and the Uganda, and two drive-on- ferries, the cargo-carrying Elk and the passenger-carrying Norland, have been pressed into Government service. In addition a chemical tanker, the Anco Charger, and a cargo vessel with heavy lift capacity, the Strathewe, have been chartered for Falklands use.

The company still has no idea how much it will be paid, though some provisional payments have been made, Lord Inchcape told the shareholders' meeting.

Disagreement had arisen over the value of the vessels for which the government would provide indemnity if they were lost or damaged by enemy action, Lord Inchcape said.

But an acceptable figure had been negotiated for the Canberra and, hopefully, for the Norland, though not before P&O had been forced to take out one month's cover in the market for the two ships and for the Elk, at a cost of £1.5m.

He defined full and fair compensation as putting P&O "in a position where we are no better off and no worse off than if our ships had not been requisitioned."

Lord Inchcape rejected a proposal from one shareholder that the 1981 final dividend should be reduced by 1p to 6p and the money given to the South Atlantic Fund. He said P&O would make a "substantial contribution" to the fund from this year's profits.

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P&O results, Page 26

Astiz soon to be repatriated from Britain

By David Tonge, Diplomatic Correspondent

CAPTAIN Alfredo Astiz, commander of the Argentine troops captured on South Georgia, is shortly to be repatriated from Britain, the Foreign Office confirmed yesterday.

However, the Foreign Office said that it was not exchanging Captain Astiz for the three British journalists held in southern Argentina.

It insisted that the cases were not parallel and that Britain did not go in for exchanges. But it added that, if the repatriation was beneficial for the three journalists, that would be "well and good."

Following the surrender of the South Georgia garrison in April, Captain Astiz was detained for several weeks on Ascension Island after the French and Swedish authorities requested access to question him about the disappearances of their nationals—two nuns and a young girl—in Argentina.

Under the terms of the Geneva Convention, he is required as a prisoner only to state his service number, name and rank. But there have also been calls for him to be prosecuted under international conventions banning torture. Captain Astiz was head of a notorious interrogation centre in Buenos Aires.

Captain Astiz was brought to Britain from Ascension Island by ship, and is being held prisoner at the 180-year-old Roussillon Barracks, Chichester.

On Wednesday night there were reports that arrangements had been mad for a helicopter from Chichester to link with a scheduled Brazilian Airlines flight for a "very special passenger."

But spokesmen for the Metropolitan Police and the British Airports Authority denied knowledge of the arrangements.

Captain Astiz was questioned in prison on Tuesday by Det Chief Supt Reece of the Sussex Constabulary.

Tuesday's session was arranged by the Home Office. The questions were provided by the Foreign Office on behalf of the French and Swedish Governments.

Sun and celebration revive nationalist spirit

BY JIMMY BURNS IN BUENOS AIRES

AFTER DAYS of heavy rain and cold nights, the sun momentarily broke through the clouds, bringing warmth to a city celebrating for the first time "Malvines Day"—specially created by the military junta to celebrate the acquisition of the Falkland Islands.

The population and telephone system, weathered into a state of virtual paralys's, conveniently reactivated into conversation. "We're licking the British," said one man brightly. "The Pope's not as welcome as he should be—he went to Britain first," said another.

On the streets the flag and trinket vendors reflected the collective schizophrenia—in one hand they held pictures of the "Pastor of Peace," in the other the old mottos about the "Malvinas" (Falklands) being Argentine, and the implicit commitments to war.

One lot of posters got round the apparent contradiction by depicting a flag sharing the Argentine and Vatican colours with the slogan: "The Holy Father will pray for our soldiers."

The soldiers were having a field day. Few Argentines seemed to have any doubts that the sinking of the British landing ships Sir Tristram and Sir Galahad, the "sinking" of the frigates Plymouth and the repulsion of a reported attempt by British troops to attack Port Stanley early on Wednesday morning represented the beginning of the end for the Task Force.

Scarcely 24 hours before, the public mood was a rather different one, compared to the euphoric scenes that surrounded Argentina's invasion on April 2. Most Argentines had descended into a state of untypical gloom in the amsence of any major victory by Argentine troops.

But Argentines throughout the crisis have demonstrated a remarkable capacity to change their minds and to delude themselves. Submitted to a barrage of government propaganda, they have been the victims of a heavily controlled media.

The bubbling accounts of this week's blitz of the Task Force buried and mention of the number of British troops still on the Falklands, the relatively small amount of casualties (in military terms) suffered by the Task Force, and the possibility that the "invaders" had, despite their losses, actually succeeded in doing what they set out to do—surround Port Stanley in preparation for a final attack.

The majority of military officials cannot hide their confidence and underlying sense of optimism. Recent developments, in their view, confirm what they had suggested all along—that General Menendez is not a man to give up easily—and that the British Task Force is risking a costly war of attrition because of Argentine air superiority.

News of Argentina's latest "victories" could not have been beteer timed. The blitz on Sir Galahad and Sir Tristram is described in gory detail by the Argentine press. It may not have gone down well on the day of the Pope's arrival. But it was just what was wanted yesterday.

For this was the Day of the Affirmation of Argentine Rights over the Malvinas. Jingoism preceded the prayers, there were military parades, special "acts" in schools throughout the country, and the gathering yet again, of the masses in May Square to watch President Galtieri raise the national flag and hear a lone trooper play the Last Post.

Galtieri aims to link papal visit with junta

BY HUGH O'SHAUGHNESSY IN BUENOS AIRES

ARGENTINA'S overwhelmingly Catholic population is waiting with bated breath for the arrival this morning of Pope John Paul II and the start of his two-day flying visit to Buenos Aires.

Behind the devotional activities centred on two masses, which are expected to draw up to millions of people,a fierce political battle is raging about who shall reap the rewards of the visit.

Most Argentines will be forcussing on the visit to the Shrine of Our Lady of Lujan, some 37 miles from the centre of the capital, where the Pope will say mass this afternoon, before an invited congregation of 2,500 inside the Basilica.

Lujan, the Lourdes of Argentina, is an emotive place for Argentine Catholics for religious reasons and for nationalistic reasons—Our Lady of Lujan is credited with having helped the Argentine forces to repulse British troops who sought to seize Buenos Aires in the 19th century. Our Lady of Lujan is also Captain-General of the Argentine armed forces.

The city's big day is likely to be tomorrow, when immense crowds will converge on the park at Palemo, a few minutes' drive from the city centre.

There a big open-air altar will be erected for the Pope to concelebrate mass with 80 Argentine bishops, the entire ecclesiastical hierarchy of Uruguay, the chairmen of the national bishop's conferences of every country of Latin America, and special delegations from the bishops of Brazil and Chile.

The Junta has meanwhile been eager to identify the papacy with the Argentine side. Gen Galtieri will be waiting this morning at the steps of the Pope's Aeritalia airliner at Ezeiza International Airport and will be at his side as the Pope delivers his initial address.

At Buenos Aires Cathedral the Pope will be surrounded by the ceremonial presidential guard, and will then have a brief talk with the members of the military Junta in Government House.

Tomorrow the Pope will once more be received by the three members of the military Junta at the foot of the altar steps as he starts the great open air mass. He will be seen off at 4.20 tomorrow afternoon at Ezeiza by General Galtieri and his suite.

This close identification of the Papal visit with the Galtieri regime, contrasting with his lack of contact with the Thatcher Government in Britain—has caused consternation in church anr civilian circles. There is also concern at the Pope's failure to find time to talk to opponents o fthe junta and to human rights workers.

But there is a feeling that new initiatives for peace in the Falklands could emerge from John Paul's visit.

Brazil releases Vulcan

By Andrew Whitley

BRAZIL HAS released a Royal Air Force Vulcan bomber forced down a week ago, but stripped of its armaments before letting it go on its way.

The decision by President Joao Figueiredo is bound to anger Argentina, which requested that it be held until the end of hostilities on the Falklands. It could also create some dissatisfaction within the Brazilian armed forces.

The Vulcan with its crew of six left Rio de Janeiro's military airbase yesterday morning for an unknown destination. It was believed to have been running out of fuel when it entered Brazilian airspace last Thursday and was forced to make an emergency landing.

Left behind at Rio were a missile, reported to have been carried under a wing when it came into land, and other armaments. Local residents believe the Vulcan dumped its bomb load off the coast shortly before its arrival.

The Brazilian Government appears to have decided in favour of Britain's request that it be released in order to preserve the appearance of even-handedness between the two countries.

Spain urges speedy Gibraltar settlement

BY JONATHAN CARR IN BONN

SPAIN HAS called for support from the Western alliance in a search for a quick, negotiated settlement of the dispute with Britain over Gibraltar.

Sr Leopoldo Calvo Sotelo, Spain's Minister President, made the call yesterday at the Bonn summit conference of the North Atlantic Treaty Organisation (Nato).

Spain's recent adherence to Nato has been publicly welcomed by other alliance leaders in Bonn—and Mrs Margaret Thatcher, Britain's Prime Minister, joined in the applause for Sr Calco Sotelo's address.

But it is recognised that Spain's membership also places new strains on Nato—not least over Gibraltar and the Falkland Islands.

The Spanish leader did not directly refer to the Falklands. But he stressed that his country was drawn by history and culture to Latin America, just as it was to Europe.

The Spanish leader emphasised that his country came to the alliance with the will to co-operate.

But he added: "My government also expects the co-operation of the alliance on matters of our national policy, such as a rapid and negotiated settlement of the Gibraltar dispute, our full accession to the European Communities and the struggle against terrorism."

Robert Graham adds from Madrid: The meeting between the British and Spanish Premiers and their respective Foreign Ministers is expected to have reaffirmed both countries' intentions to go ahead with the opening of the Gibraltar frontier and begin negotiations on the Rock's future status.

The frontier, and simultaneous talks, were due to open on April 20, but the Falklands crisis obliged both governments to postpone the date until June 25.

Since then both governments have publicly announced their willingness to go ahead on the new date, but the Falkland crisis has continued to raise doubts.

Despite the extremely delicate situation, however, the two countries are understood to see more common advantage in the frontier opening and in the negotiations than in postponing the whole question of Gibraltar's future for a second time.

Spain has been openly critical of Britain's handling of the Falklands crisis and has backed Argentine territorial claims.

But the UK could gain much by a willingness to discuss the future sovereignty of Gibraltar.

This could be a signal to the international community, sensitive to British intransigence on the Falklands, as well as a sign to the Argentine Government itself.

Breakthrough for AT & T on deregulation

BY PAUL BETTS IN NEW YORK

THE FIRST major step in the deregulation of the U.S. telecommunications industry came into effect yesterday when the Federal Communications Commission gave American Telephone and Telegraph, the country's leading telephone company, the go-ahead to form a subsidiary to start marketing for the first time special enhanced telephone services on an unregulated basis.

The regulatory agency yesterday approved AT & T's $433.6m five-year capitalisation plan for the subsidiary. This eliminates the final hurdle for the telephone company, which can now start selling its enhanced products.

An AT & T official said the commission's action was the first concrete step in the deregulation of the country's telecommunications industry.

The news AT & T subsidiary will offer so-called advanced communications systems which will enable disparate computers to communicate and store messages.

AT & T said yesterday it hoped to begin signing up customers and offering them the new services within a couple of months.

Under the five-year capitalisation plan AT & T will inject $65.8m this year into the subsidiary.

Further contributions will increase the subsidiary's capitalisation to $225.3m next year, to $420.2m in 1984 and to $433.6m in 1985.

AT & T still has to be granted FCC approval to sell general telecommunications equipment manufactured by its Western Electric subsidiary on an unregulated basis.

The FCC's decision yesterday is part of the complex process of telecommunications deregulation. This has involved an FCC decision called computer 2, whereby AT & T can enter unregulated markets by forming a separate subsidiary, and the recent consent decree between the U.S. Justice Department and the telephone company.

The consent decree, which ended the Justice Department's anti-trust suit against the telephone company, calls for the splitting up of AT & T. The company has to divest itself of the 23 local telephone operating companies before it can enter the unregulated data processing markets.

This settlement has yet to be approved by the judge bearing the anti-trust case. The judge has set hearings for the end of this month but his final decision is expected to take longer.

The issue has been complicated by telecommunications legislation, which is pending in Congress, and a wide body of public and business opinion which is campaigning to change the consent decree on the grounds that it is too favourable to AT & T and risks causing steep increases in local telephone rates.

Under the terms of the consent decree, AT & T would have had to set up separate subsidiaries to enter unregulated markets from which it has been so far barred.

By approving the capitalisation of the new enhanced-service subsidiary, the FCC has enabled AT & T to start competing in this new market even though the consent decree has yet to be ratified.

Japan presses U.S. for export licences

BY OUR NEW YORK CORRESPONDENT

JAPAN IS putting considerable pressure on the Reagan Administration to approve export licences for U.S. oil exploration equipment for a joint petroleum project between the Soviet Union and Japan at Sakhalin Island off the Siberian coast.

Although the licences cover only $2m worth of U.S. goods, Japan is concerned that if it fails to win the necessary export approval for the U.S. equipment it could be in breach of its contract with the Soviet Union.

Japan agreed seven years ago to provide all the technology and know-how needed for the joint exploration venture with the Soviet Union. In return, the Japanese would eventually receive half of all the oil and gas produced from the field at preferential prices.

But Japan is lacking in the sophisticated technology required for oil and gas exploration and has had to rely on U.S. manufacturers for the equipment and technology.

It has already invested more than $200m in the project since 1975. But unless the Reagan Administration approves the necessary export licences before the end of this month, the government-controlled energy corporation together with several private Japanese companies will be in breach of their contract with the Soviet Union.

This could force the Japanese to surrender their stake in the Sakhalin project which has shown promising signs with 12 out of 18 exploratory test wells indicating the presence of gas and oil in possible commercial quantities.

The issue is understood to have been raised by the Japanese at the Versailles summit. Washington is split on whether to authorise the new export licences.

The leading opponents of granting the new licences are concerned that the petroleum venture between Moscow and Japan is part of a broad Soviet strategy to make U.S. allies on both its western and eastern borders dependent on the Soviet Union for future energy supplies.

The issue has been fuelled by the Administration's opposition to the Siberian gas pipeline to Western Europe.

Others in the Administration, however, have warned that the problem over licences could further strain trade relations between the two countries.

Boost for Reagan arms policy

By Anatole Kaletsky in Washington

THE SENATE foreign relations committee has rejected a nuclear arms freeze proposal put forward by senators Edward Kennedy and Mark Hatfield.

It has adopted instead a resolution supporting President Reagan's policies for negotiating strategic weapons reductions with the Soviet Union.

The committee's votes give a significant boost to the Reagan Administration's efforts to seize the initiative on nuclear weapons policy from the growing anti-nuclear movement in the U.S.

The Administration-backed resolution, in which the word "freeze" was replaced by the words "arms reductions" was passed by an unexpectedly large 12-4 margin.

Senator Charles Percy, the committee's chairman, said it was "imperative to put differences aside" and present "a single, consensus resolution" in order to give President Reagan maximum backing in advance of the strategic arms reduction talks which are due to begin on June 29 in Geneva.

The pro-Reagan resolution which the committee passed also makes it "formal U.S. policy" to abide by limitations on strategic weapons set by the expired Salt 1 treaty and the unratified Salt 2 agreement, providing the Soviet Union also keeps within these limits.

Dismissal of IBM case sought

By Our New York Correspondent

THE U.S. Justice Department is stepping up its campaign against a federal court judge who is trying to block the department's decision to drop its 13-year-old anti-trust suit against International Business Machines.

The Justice Department said at the beginning of the year that it was dropping its case against IBM because it claimed it was without merit.

The announcement came on the day the department settled an anti-trust case with the American Telephone and Telegraph Company.

Judge David Edelstein, however, has refused to drop the case and has continued to schedule hearings. The department and IBM both contend that since the plaintiff decided to dismiss the complaint, the judge no longer has jurisdiction in the matter.

The judge, who seemed angered by the sudden dismissal of the suit, is now reviewing the propriety of the department's move.

The judge has questioned a possible conflict of interest on the part of Mr William Baxter, the head of the department's anti-trust division who recommended dismissing the IBM case.

Mr Baxter failed to disclose to the court that when he was a law professor at Stanford University he had done minor consultancy work for the computer company. Mr Baxter said the work was trivial

Jim Rusk in Ottawa reviews the daunting economic prospect facing the Government

Depressed Canada in financial straitjacket

WITH THE Canadian economy turning in its worst performance since the great depression, Mr Pierre Trudeau, the Prime Minister, faces a daunting task when he returns from his European trip on Sunday.

He has promised a shift in economic policy, but there have been few signs that the Government has any new ideas about how to respond to the crisis.

The week before the Versailles summit, the economic news was unremittingly bad. Despite a record US$750m (£416m) Eurobond issue for currency support, the Canadian dollar broke through the important psychological barrier of 80 U.S. cents, a level below which it had never before fallen in 50 years of official exchange rate records.

May unemployment figures climbed to double digit levels—the first time since the 1930s this level had been reached. Gross domestic product (GDP) shrank at a rate of 6.8 per cent in the first quarter, the sharpest contraction since 1954. And, despite the recession, prime bank rate rose by 0.5 percentage points to 17.5 per cent as the Bank of Canada raised rates in an attempt to shore up the Canadian dollar.

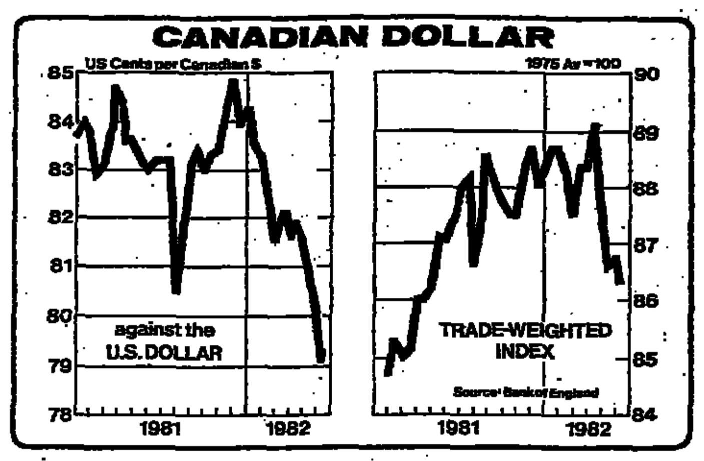
The outlook is equally sombre. The dollar continued to ease earlier this week as the central bank reined in its support. Only three trading days after it broke the 80-cent barrier, it slipped to 79 U.S. cents.

The ranks of the unemployed, now about 1,250,000, are 45 per cent larger than a year ago and their numbers are expected to rise even further as seasonally adjusted unemployment peaks at around 10.5 per cent in the third quarter, 0.3 points higher than the current level.

There is only a slim chance of a modest recovery in output in the second half, and that only if the U.S. gets on the recovery path so long predicted by the Reagan Administration. Despite the recession, the annual rate of inflation, as measured by the consumer price index, has fallen by only one point from the 12 per cent level at which it hovered in the first quarter, and shows no sign of coming down to the single digit level achieved in the United States.

This harsh outlook means the Trudeau government has almost played out the line it has taken for the last year, in which it has tried to put as much blame as possible for Canada's troubles on Washington while waiting for Washington's policies to turn the North American economy around.

Fearful that any attempt to lower Canadian interest rates below those in the U.S. would cause a run on the dollar, the Bank of Canada has kept Canadian rates slightly above those south of the border, a stance that has supported the restrictive monetary position the Bank has maintained since the late 1970s.



While the Government backs the Bank's position, public support for high rates at the basic policy to deal with domestic inflation has evaporated in the face of the difficulties these rates have created for farmers, businesses and home owners. In theseee circumstances, the easiest reponse for the Government has been to pass the blame to Washington—a strategy adopted by the Prime Minister at the end of the summit.

When the summit communique did not specifically blame Washington for high rates, Mr Trudeau took the unprecedented step of reading to Canadian reporters the language he would have liked in the communique and some paragraphs from his opening statement to the leaders in Versailles.

The paragraphs described the "tragically heavy price in unemployment" of efforts to fight inflation and Mr Trudeau's belief that "no single action could contribute more to the restoration of international confidence than the decline in real interest rates which would follow a budget policy in the United States promising reduced deficits."

At the end of Versailles, Mr Trudeau tried to buy a little more time. While he promised to consult his Cabinet about changes in policy when he returns from Europe, he said action would await the U.S. response to the summit. He also gave Mr Reagan until mid-July to find an accommodation with Congress that would reduce the deficit and bring interest rates down.

Investor business and consumer confidence has eroded steadily since last November, when Mr Allan MacEachen, the Finance Minister, introduced his controversial budget. While Otawa has backed down a number of times on the budget tax measures, chiefly the proposed attack on tax shelters, the retreat has done little to restore a feeling that the Government has a firm grip on affairs.

Similarly, the collapse of the $13bn Alsands oil project has called into question Ottawa's reliance on large-scale resource development as the spark to light the economy.

Even the recent adjustments to the taxation and price regime for the oil industry, while welcomed for the resulting C$2bn (£900m) improvement in industry cash flow, confirmed doubts in many minds that the Government had not understood what was happening in that vital sector.

It is not at all clear where Mr Trudeau can turn. Since the summit he has talked of the need for Canadians to lower their economic sights and of the necessity for improved business confidence.

But in the past his governments have shown little ability to achieve such laudable, if obvious, objectives in policy.

Although Cabinet members have been sending out signals that wage restraint of some sort will be imposed on the federal public service, the Government has little stomach for a full-blown system of wage and price controls.

Nor does the Government have fiscal room to manoeuvre. For three years it has been wrestling to bring its budget deficit under control. But with the recession cutting revenues and increasing expenditures, its estimated cash requirements for the fiscal year that started on April 1 are now expected to be about double the C$6.6bn set in last autumn's budget.

This financial straitjacket leaves Ottawa with little room to find funds for job creation or other aid programmes, although one economic consulting firm has estimated that a 7 per cent ceiling on federal wage increases would give Ottawa C$1.3bn over the next two years.

WORLD TRADE NEWS

British exporters to Nigeria may forfeit payments

BY QUENTIN PEEL, AFRICA EDITOR

BRITISH and other exporters to Nigeria could forfeit payments worth several million pounds because their goods were delayed in leaving their country of origin.

Representations have been made by British diplomats in Lagos to the Nigerian Central Bank for special exemption for the goods which were caught by confusion over the deadline set by the Nigerian Government for imports to be despatched to Lagos.

Five ships sailing from British ports, and a further six ships from ports in continental Europe, the U.S., Japan and Hong Kong, are understood to have failed to make the sailing deadline of May 15 for goods with documentation dated in the previous 12 months.

However, the shippers claim they were assured by the Societe Generale de Surveillance (SGS), the inspection agent of the Nigerian Government, that a bill of loading for May 15 would be adequate proof. Only the day before the deadline did SGS issue a clarification, insisting that the ships must have left port by then.

"We were assured that a bill of lading dated May 15 was sufficient proof, under normal commercial practice," Mr Brian Roberts, of the confirming house Parbury Henty, said yesterday. "It is unreasonable for SGS to deny us a clean report."

Without a clean report from SGS, exporters cannot receive their payment from the Nigerian importer in foreign exchange.

Five ships which sailed from British ports after May 15 carried goods affected by the ruling, according to shipping agents. They were the Baco Liner 2, which left Hamburg on May 16 and Sunderland on May 21; the Ketta Lagoon which sailed from Tilbury on May 20; the River Jimini, which left Liverpool on May 17, the Happy Med, which left Ipswich on May 18; and the Annabelle which left Ipswich on May 16.

SGS officials say that the wording of the Nigerian regulations—issued as part of a sweeping clampdown on imports imposed in April—always implied that the ship must have left port by midnight on May 15. Until clarification was given, however, most shippers assumed the internationally accepted bill of lading would be sufficient.

Italian aerospace exports increase

By James Buxton in Rome

EXPORTS BY Italy's small but rapidly growing aerospace industry increased by two-thirds last year to reach the record level of L1,550bn (£656m). Some 70 per cent of the industry's turnover was exported.

Sales by the whole industry, which employs 42,000, rose from L1,500bn to L2,200bn, a 47 per cent rise in money terms and an increase of 23.5 per cent in real terms.

The Italian Aerospace Industry, largely in the hands of state-owned companies, concentrates on small fighter aircraft and helicopters and manufactures parts of civilian aircraft and U.S. constructed engines.

Italy has a strong position in helicopters through the Agusta Company. Aermacchi, a private concern in which the state owned Aeritalia recently took a stake, makes a light fighter which it sells to Argentina.

Warning on U.S. marine insurance challenge

BY ANDREW FISHER, SHIPPING CORRESPONDENT IN ATHENS

LONDON insurance underwriters have reacted sharply to the threat of increased competition from the U.S. market for Greek shipping business.

Mr John Oliver, a Lloyd's underwriter said the London market welcomed competition "and knows it has no God-given right to all hull insurance business."

He added: "But it must warn other insurance markets—by all means, compete but do not expect London automatically to accept your reinsurance treaties where London rates have been cut."

This was a reference to the practice in insurance markets of reinsuring major business in order to spread the risk beyond the original insurer.

He was responding to remarks made at a forum during the Posidonia Shipping Exhibition in Greece this week. Mr Allen Schumacher, chairman of the American Hull Insurance syndicate, had proposed an expansion of the U.S. marine insurance market as an alternative to Greek links with London.

Mr Aristomenis Karageorgis, president of the Union of Greek Shipowners, had also criticised the surcharge which operates on insurance of some Greek vessels as discriminatory.

But Mr Oliver said in reply that there was no surcharge on hull insurance business in London. The market has a surcharge for all ships older than 15 years, with an extra surcharge for some other flags such as Greece and flags of convenience. This is on cargoes, not hulls.

He added that the London hull market used the same rating assessment when fixing premiums for all flags. "We find we have intense competition for modern vessels and large fleets. Not all small owners have unprofitable results, and, remember, many owners in Athens and elsewhere started 20 years ago with one ship."

Mr Schumacher had said that contrary to the London market, the U.S. hull insurers placed emphasis on underwriting judgment of a more particular sort.

In answer, Mr Oliver said: "We consider the London market method of rating renewals extremely flexible and with 16 members of the joint hull committee a very varied approach is taken by the market."

North Korea holds up agreement on air route

TOKYO—North Korea is holding up an agreement which would permit Japanese and Chinese airliners flying between Tokyo and Peking to pass over North and South Korea, according to Japanese Government officials.

They said that Japan, China and South Korea have basically agreed to the proposal, put forward by the International Civil Aviation Organisation (ICAO).

The proposal would cut the current flight time by about 90 minutes and the distance by 1,100 km.

Aircraft of Japan Airlines (JAL) and the Civil Aviation Administration of China (CAAC) now fly between Tokyo and Peking via Shanghai, a distance of 3,300 km, and a flight-time of about four hours.

The ICAO, the Montreal-based UN agency, has called on member nations to shorten routes wherever possible to save fuel.

To further this aim, the ICAO has proposed routes between the Chinese and Japanese capitals which would permit Chinese airliners to fly over North Korea, while Japanese airliners would overfly South Korea.

Japan has agreed to the proposal and Mr Yoshio Sakurauchi, Foreign Minister, emphasised the necessity of adopting the new routes in a meeting with Mr Huang Hua, his Chinese counterpart, in Tokyo earlier this month.

Mr Huang was quoted as saying that the new routes would save both fuel and time, but further efforts would be needed on the issue "because it involves political problems."

Mr Huang, accompanying Mr Zhao Ziyang, the Chinese Premier, on an official visit to Japan, did not elaborate but Japanese government officials said the problems rest with the Pyongyang government.

The officials said that North Korea agrees to permitting Japanese as well as Chinese airliners to use its airspace but disagrees with the idea of a route between Tokyo and Peking across South Korea.

At present, the specific motive for North Korea's objection to a route over South Korea is unknown, although it is believed to be related to Pyongyang's objection to any idea that there are two Koreas. Reuter.

Confident W. Germans expect increase in exports to Arab countries

BY STEWART FLEMING IN FRANKFURT

DESPITE declining oil production and weak oil prices, West German economists are still expecting that the Federal Republic's exports to oil-producing Arab countries will make an even larger contribution to the reduction of the West German current account deficit this year than in 1981.

Last year, West German exports to oil-producing countries in the Middle East increased by 51 per cent. According to the German Near and Middle East Association, the country, as a result, began to recover its declining share of industrial country exports to the Arab countries.

In 1977, for example, West German exporters' share in these markets was 17.3 per cent. But it had fallen to 13.2 per cent in 1980. Last year, however, partly because of a weak D-mark against the U.S. dollar, the currency in which most oil-producing countries are paid, the value of West German exports rose rapidly and the market share climbed to 14.2 per cent.

The surge in exports to Arab countries came at a critical time. In 1980 West Germany had suffered the world's biggest current account deficit of DM 30bn (£7.1bn). Of the improvement of DM 13bn to a deficit of DM 17bn in 1981 fully DM 36bn was accounted for by the shift into surplus in the Middle East.

The Middle Eastern countries emerged last year as just as important an export market for West German industry as the U.S., accounting for a 7 per cent share (DM 28m) of total West German exports of DM 347bn. In all probability that share will increase further this year.

COUNT OTTO LAMBSDORFF, the Bonn Economics Minister, is to lead a delegation of West German businessmen to Iraq later this month, writes James Buchan in Bonn.

The occasion for the visit is the annual meeting on June 21 of the West German-Iraqi Joint Commission for economic co-operation, a number of whose projects have ground to a halt because of the drain on Iraqi financial and bureaucratic resources caused by the 21-month war with Iran.

According to Herr Hans-Otto Thierbach, chairman of the Near and Middle East Association and an executive at Deutsche Bank, West German exports to the region will continue to grow rapidly this year and could show an increase of 30 per cent to DM 35bn. In the first quarter exports were 60 per cent higher than in the same period last year.

The Deutsche Bank has predicted that for the whole Opec group of countries German exports, which rose 53 per cent last year (to DM 35bn) will increase much more slowly in 1982, perhaps by around 15 per cent. This reflects declining oil revenues and the anticipated disappearance of the Opec current account surplus this year.

This has already led to cuts in imports and postponement of development plans in some Opec countries. Herr Thierbach points out, that whereas Opec might, on some projections, go into current account deficit in 1982 of around $5bn compared with a surplus of $55bn in 1981, the deficit will be concentrated in the non-Arab countries.

The Arab Opec nations however could be in surplus, possibly to the extent of $35bn, partly as a result of invisible earnings on overseas portfolio investments. This will allow West German exports to continue to grow.

Another factor which will tend to underpin the growth is the fact that they are concentrated in the capital goods sector where changes in economic policy will tend to work through more slowly.

West German consumer goods manufacturers do not have a strong market stake. The West German car industry, which increased its exports in the region sharply last year is an exception, and it is expecting to see the impact of the declining oil revenues on sales volume emerge more quickly.

The outbreak of hostilities between the Israelis and the PLO will be unwelcome to West German exporters especially when the Federal Republic's relationships with the Arab countries have been hurt by West Germany's unwillingness to deliver weapons to the region, particularly to Saudi Arabia.

West German exporters are under pressure from Arab trade partners to help these countries to improve their technological infrastructure.

They are aware that if they are to maintain market strength, they will need to maintain careful diplomacy as well as the traditional West German strengths of delivering quality products on time.

Suzuki in Pakistan manufacturing venture

BY OUR FOREIGN STAFF

JAPAN'S Suzuki Motors and the state-run Pakistan Automobile Corporation (Paco) have signed an agreement under which Suzuki cars will be manufactured in Pakistan.

The project will cost Rs 570m (£31.4m) and is geared to produce 25,000 vehicles annually, corporation officials said this week.

Pakistan Automobile said the first car will leave the assembly line by next September and the project will reach a target of 80 per cent "local content" in six years.

In Tokyo, Suzuki said, the full range of vehicles will eventually comprise cars, trucks, vans and four-wheel-drive vehicles.

Suzuki and Paco will set up a joint company in Karachi in mid-September.

Suzuki, Japan's top producer of mini-cars of the 550 cc class, is promoting a similar business in India.

The Indian deal calls for Suzuki and Maruti to invest Rs 2.5bn (£152m) in the project, with Suzuki taking a 25 per cent equity stake in the venture.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF ORDINARY SHARE WARRANTS TO BEARER PAYMENT OF COUPON NO. 97

With reference to the notice of declaration of dividend advertised in the press on 2nd June, 1982, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 75 cents per share was declared in South African currency. South African non-resident shareholders' tax at 10.57575 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 64.42425 cents per share.

The dividend on bearer shares will be paid on or after 23rd July, 1982, against surrender of coupon No. 97 detached from share warrants to bearer as under:—

(a) At the offices of the following Continental paying agents:

Credit du Nord, 6-8 Boulevard Haussmann, 75009 Paris.	Swiss Bank Corporation, 1 Aeschenvorstadt, 4002 Basle.
Banque Bruxelles Lambert, 24 Avenue Marnix, 1050 Brussels.	Banque International a Luxembourg SA, 2 Boulevard Royal, Luxembourg.
Societe General de Banque, 3 Montagne du Parc, 1000 Brussels.	Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich.

Payments in respect of coupons lodged at the office of a Continental paying agent will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the Continental paying agent. Instructions regarding disposal of the proceeds of the payment so made can only be given to such authorised dealer by the Continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated P.L.C., 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa, payment will be made in United Kingdom currency either:

(i) in respect of coupons lodged on or prior to 16th July, 1982, at the United Kingdom currency equivalent of the rand currency value of their dividend on 21st June, 1982, or;

(ii) in respect of coupons lodged after 16th July, 1982, at the prevailing rate of exchange on the day the proceeds are remitted, through an authorised dealer in exchange in Johannesburg to the London Bearer Reception Office.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10.00 a.m. and 3.00 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 52.50 cents per share in terms of sub paragraph (b) above arrived at as follows:

	South African Currency Cents Per Share
Amount of dividend declared	75.00000
Less: South African non-resident Shareholders' tax at 14.1010%	10.57575
	64.42425
Less: U.K. income tax at 15.8990% on the gross amount of the dividend of 75 cents	11.92425
	52.50000

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
J. C. Greensmith
London Office:
40 Holborn Viaduct, EC1P 1AJ.
11th June, 1982.

Note:
The Company has been requested by the Commissioners of Inland Revenue to state:
Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15.899% instead of the basic rate of 30% represents an allowance of credit at the rate of 14.1010%.

COMPANY NOTICES

ANSELMO N.V.

1. Notice is hereby given that in accordance with article 8 of the Conditions of Administration, the Annual General Meeting of the holders of depositary receipts of ANSELMO N.V. will be held on June 30, 1982 at the office of the Stichting in Amsterdam, at Herengracht 320 at 10.30 am in order to review the annual accounts of ANSELMO N.V. for the fiscal year ending December 31, 1981.
2. Notice that in accordance with article 9 of the Conditions of Administration, holders of depositary receipts or their representatives are not allowed admission to the meeting unless they have deposited their certificates at the office of the Stichting at least three days prior to the meeting, or unless they have so deposited with the Stichting a statement from a bank that such certificate will be held in its custody until the end of the meeting.
3. Notice that the annual accounts have been deposited at the offices of the Stichting at the aforementioned address, and a copy thereof will be sent upon request to any holder of depositary receipts.

This notice is given this day of 11th June 1982

STICHTING ANSELMO TRUST SERVICES

COPENHAGEN TELEPHONE COMPANY, INCORPORATED

UA 20,000,000 9½% 1975/1985 BONDS

Pursuant to the provisions of the Purchase Fund, notice is hereby given that nominal UA 568,000 have been purchased for the Purchase Fund during the twelve-month period commencing May 28, 1981.

Amount outstanding: UA 18,594,000

June 11, 1982

COPENHAGEN TELEPHONE COMPANY, INCORPORATED

LJUBLJANSKA BANKA

US$30,000,000.- Floating Rate Notes due 1985

We inform the bondholders that 7,500 bonds of nominal each US$1,000.- have been drawn for redemption in the presence of an "huissier" in Luxembourg on 27 May 1982.

The bonds will be reimbursed at per on 21 July 1982. Coupons Nr. 9 and following attached according to the modalities of payment on the reverse of the bonds.

The numbers of such drawn bonds are as follows:
Nrs 28432 to 30000 incl.
Nrs 1 to 5931 incl.

Amount outstanding after 21 July 1982: US$22,500,000.-

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
Luxembourg

SELECTED RISK INVESTMENTS S.A.

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to Shareholders that following a Resolution passed at the Annual General Meeting of Shareholders held in Luxembourg on 17th May, 1982, a dividend for the year 1981 of U.S.$0.25 per share has been declared. This dividend will be paid as from 21st June 1982, against presentation of Coupon No. 18 at the Company's Paying Agent in the United Kingdom: S. G. WARBURG & CO LTD. Coupon Department, St. Albans House, Goldsmith Street, LONDON EC2P 2DL from whom claim forms may be obtained. United Kingdom Tax will be deducted at the rate of 30 per cent unless claims are accompanied by an affidavit.

SELECTED RISK INVESTMENTS S.A.
11th June, 1982.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHINPAN CO. LTD.

The 55th Ordinary General Meeting of shareholders of Nippon Shinpan Co. Ltd. will be held on June 29, 1982.

1. Approval of Financial Statements and appropriation of profits for the 55th Fiscal Year (from April 1, 1981 to March 31, 1982).
2. Partial amendments of Articles of Incorporation.
3. Election of 4 Directors.
4. Election of 1 Statutory Auditor.
5. Payment of retirement allowance to the retired Directors and Statutory Auditors.
6. Revision of remuneration for Directors and Statutory Auditors.

(Full text of Notice is available at [illegible].)

Shareholders who wish to exercise their voting rights must deposit their certificates not later than June 22, 1982, at the offices of the Depositary, Citibank, N.A., 336 Strand, London WC2R 1HB, or the Agent, Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg, together with instructions indicating the way the shares be voted.

CITIBANK, N.A., London. Depositary. Secretary.

June 11, 1982.

EUROPEAN INVESTMENT BANK

7¼% 1972/1987 Loan of FF 175,000,000

Bondholders of the above loan are advised that the amount of FF 17,500,000 redeemable on August 1, 1982 was bought into the market.

Amount outstanding: FF 105,000,000.

EUROPEAN INVESTMENT BANK

Luxembourg
June 11, 1982

PUBLIC NOTICES

BERKSHIRE COUNTY COUNCIL BILLS £17m due 9.9.82 issued 10.6.82. Average £96.95. £99m applications. £35m outstanding.

OXFORDSHIRE COUNTY COUNCIL BILLS £15 million due 8th September 1982 issued 9th June 1982. Average 12 7/32%. £97 million applications. Bills outstanding £15 million.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W1. 629 6176. MASTER PAINTINGS. 1470-1820. Also late Turner Watercolours. Until 30 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.

WILLIAM DRUMMOND, Covent Garden Gallery. Carlo Labruzzi 1748-1817. Roman Drawings 1787-1788. Also Oil Sketches, Watercolours and Gouaches in Italy by other artists. Daily 10-5.30. Thurs. 7. Sats. 12.30. 20, Russell St., WC2. 01-836 1139.

ART GALLERIES

THACKERAY GALLERY, 18 Thackeray St., Kensington Sq., W8. 937 5883. SUMMER EXHIBITION including HANS SCHWARZ. Until 31 July.

COLNAGHI, 14, Old Bond St., W1. 01-491 7408. 19th CENTURY FRENCH DRAWINGS until 11th June. Mon.-Fri. 10-6. Sat. 10-1.

WHITECHAPEL ART GALLERY, E1. 377 0107. [illegible] JANNIS KOUNELIS. Sun-Fri. 11-5.50. [illegible]

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. AN EXHIBITION OF IMPORTANT XIX & XX CENTURY WORKS OF ART. Mon.-Fri. 10-5. Sats. 10-1.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

THE GASLIGHT OF ST JAMES'S. London's most exciting businessman's night club. No membership needed. 2 bars, dozens of danceable companions, intriguing Cabaret Acts. Happy hour 8-9 pm. If required superb three-course dinner, only £8.75. [illegible]

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Safety mark of quality planned

By Lorne Barling

THE GOVERNMENT is taking two important steps to improve the safety of consumer products. It also intends to ensure that unsafe products are taken off the market rapidly, Dr Gerard Vaughan, the minister for consumer affairs, said yesterday.

He said a national mark of quality was being considered to improve safety and encourage the sale of British goods at home and abroad, while the working of the Consumer Safety Act was under review.

Speaking at a Royal Society for the Prevention of Accidents Conference in Birmingham, he said there were so many different marks, symbols, standards and warnings that people were often confused and therefore ignored them.

"Let us see if we can come out with a bit of simple sense so that people know what to look for," he said. A consultative document on the subject is to be published soon.

"There are too many unsafe goods, often imported, which get on to the shelves of our shops. Too often these goods are sold even when they are known to be unsafe," said Dr Vaughan.

Watchdog on radioactive waste criticises end of test drilling

BY JAMES McDONALD

THE Radioactive Waste Management Advisory Committee—a Government watchdog—has expressed is "regret" at the Government's decision last December to discontinue geological test drilling to establish the feasibility of underground storage of highly radioactive nuclear waste.

The committee's annual report published yesterday, discloses that Dr Stanley H. U. Bowie—an independent geological consultant and Visiting Professor of Applied Geology, University of Strathclyde (Geology)—resigned from the committee in January "because of the Governmen"s decision.

In its report, the committee—set up in 1978 to give the Secretaries of State for Environment, Scotland and Wales independent advice on waste management policy—says the test drilling programme would have provided the data to enable the committee to advise eventually on the choice between various options available for highly radioactive wastes. The options are stated to be deep disposal underground, disposal on or under the sea bed, or continued storage on the surface.

"While we agree that there are significant advantages to be gained from deferring disposal for some decades, in order to reduce the rate of heat-generation from these wastes, this decision (to stop drilling) must inevitably put off the day when a definite decision can be taken about a specific and permanent solution for the management of high-level wastes within the UK."

Specific information about the detailed properties, conditions and ambience of different rock types in specific areas of the UK, particularly in relation to ground water movement, can be obtained only by a local programme, the report stresses. "Without it, a fully informed decision on geological disposal in this country will be impossible."

The report says, however, that the committee has been given an assurance from the Government that there will be no commitment to the construction of a geological disposal facility for highly radioactive wastes, unless and until a site has been thoroughly assessed and adequate data on the geological environment obtained.

Discussing the report in London yesterday, Sir Denys Wilkinson, chairman of the committee, said he did not believe the Government's decision to discontinue test drilling was on financial grounds.

The report emphasises again the importance and urgency the committee attaches to the development of disposal facilities for intermediate-level radioactive wastes.

This is mainly because of their bulk and the need for additional costly and extensive storage capacity if suitable disposal routes are not made available. It says there is no technical barrier to their disposal

In that context, Sir Denys revealed that he expected an announcement, "possibly within the next two months" the formation of a national consortium—including such interested organisations as the UK Atomic Energy Authority, British Nuclear Fuels and the Central Electricity Generating Board—as an executive body for the disposal of intermediate-level waste. He regarded that as a "satisfactory and necessary development."

The report notes that there has been controversy recently about the proposed use of borosilicate glass as the medium for storage and disposal of high-level wastes. The committee repeats its previous view that it is the right process for the UK to pursue at present.

Radioactive Waste Management Advisory Committee—third annual report, SO, £3.50.

Recovery in house values

By William Cochrane

THE INCREASE in average house prices in the first six months of this year should not be regarded as the herald of a residential property boom, according to a survey published today.

The Incorporated Society of Valuers and Auctioneers (ISVA) says that average house prices increased by a little more than 3.6 per cent since the start of January but that had done little more than recoup widespread falls in values when housing demand slumped last autumn.

In the last 12 months, says the ISVA, house prices had advanced by only 2.9 per cent. That had largely been achieved through would-be vendors refusing low offers for their properties. Asking prices were showing little increase in most areas.

Activity in the house market increased significantly in the spring but valuers are saying that lack of public confidence in the future is still retarding demand. First-time purchase remained the most active sector. But, in most areas, interest in buying higher-priced properties was recovering slowly.

Talbot drops sale of car retail outlets

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

TALBOT UK has given up hope of seling off its car retailing business, Robins and Day, because of the depressed state of the market and the steep decline of the company's market share.

The size of Robins and Day's problems can be judged by figures for 1980, when it recorded a £3.81m pre-tax loss on sales of £93.4m.

When Talbot, then known as Chrysler UK, was acquired by the Peugeot group of France in 1979, it had 23 dealerships which were operated by Robins and Day and accounted for 17 per cent of the company's car sales.

Today there are 19 outlets, all of them selling Peugeot's as well as Talbots, and accounting for about 15 per cent of Talbot UK's sales of new cars. There are about 550 other Talbot dealers.

The latest edition of Jordans survey of Britain's top 500 motor distributors shows that Robins and Day recorded a £1.73m pre-tax loss on sales of £98m in 1979—the peak year for car sales in Britain.

Since then, Talbot's market share has slumped from 7 to 4.6 per cent last year and, in the first five months of 1982 was down to 3.71 per cent.

Mr Roger Johnson, chief executive of Robins and Day, said the company would st[ill] consider selling individ[ual] dealerships, "if the price [w]as right and if the buyer's cre[den]tials were impeccable."

He pointed out that so[me] of the Robins and Day dealerships were profitable and that in the first quarter of 1982 the majority had shown a financial improvement compared with the equivalent period of 1981.

The Jordans survey also reports that Renault's UK subsidiary recorded a pre-tax loss of £1.58m on sales of £294m in 1980, compared with a profit of £320,000 on sales of £295m the previous year.

Jordans said the survey tells a depressing story about the profitability of motor distributors. Only two out of the 500 companies whose figures were collected managed a pre-tax profit, as a percenatge of sales, of more than 5 per cent.

The survey provides evidence that Ford dealers generally fared better than the rest. They accounted for 16 out of the top 20 companies in both the "higher profitability" and "greatest increases in turnover" tables, whereas BL could manage only two and three places respectively.

Britain's top 500 motor distributors. Jordans, 47 Brunswick Place, London N1 6EE, £55.

Scholarship scheme in danger

By Michael Dixon, Education Correspondent

THE National Engineering Scholarships Scheme, started in 1978 with the aim of attracting cadaemically able school leavers into industry, is in danger of collapsing because of insufficient support from companies.

Sir Peter Matthews, chairman of Vickers and president of the Engineering Employers Federation, said in London yesterday that the plan to award 300 scholarships depended on a contribution from industry of £225,000 to be matched by the Education Department.

The companies' contribtuions are at present about £95,000 short of the target.

About 700 were still receiving £500 a year while at universities. The extro money forthcoming from companies would determine how many fresh awards could be made this autumn.

Mr Oscar Hahn, chairman of the scheme's action committee, said he would not like the number of new awards to fall below 250. "But it is always difficult to sell people a scheme whihc does not given them direct results immediately," he added.

To have it full effect the scheme would probably need to continue for at least 10 years.

Information technology companies should enter international joint ventures, says Baker

FINANCIAL TIMES

WORLD ELECTRONICS

CONFERENCE

Report by Guy de Jonquieres

BRITAIN'S information technology companies must enter more joint ventures and collaborative arrangements with foreign manufacturers, if they are to compete effectively on international markets, Mr Kenneth Baker, Minister for Information Technology at the Industry Department, said yesterday.

He told the Financial Times world electronics conference in London that, though there were many fields in which small and medium-sized companies could succeed, Britain lacked companies which were large enough, in total terms, to achieve economies of scale in manufacture for international markets.

He also called on Japan to open its domestic market more widely to British exports. He hoped to see further examples of industrial co-operation between British and Japanese information technology companies.

M Jean-Claude Hirel, director of electronic and computing industries at the French Industry Ministry, called for new forms of co-operation among European governments and companies in a concerted effort to reconquer European markets and to expand internationally.

Europe possessed many commercial and technological assets, but unless its countries took a united stand they could be doomed to decline. The process would take many years to achieve and would require a strong commitment by governments and industry.

He proposed steps to harmonise legal and regulatory conditions in different European countries, the launching of joint research programmes and the establishment of more joint ventures among European companies to create production facilities on a global scale.

Mr Richard Cave, chairman of Thorn EMI, said that the Government had an obligation to insist, wherever possible, that when Japanese companies invested in Britain they did so on a joint-venture basis with UK companies.

Foreign investment must be viewed not just as a way to create jobs, but also as a way to bring about a transfer of technology and to strengthen the components base of British industries. Industrial joint ventures were not always easy, but more and more companies throughout the world were ready to take part in them.

Mr Lionel Olmer, Under Secretary for International Trade at the U.S. Commerce Department, said that the U.S. and Japan shared many common interests in promoting world trade, in applying advanced technologies and in maintaining Western technological leadership.

But, in a speech read for him by Mr Justin Bloom, scientific counsellor at the U.S. Embassy in London, he said that more reciprocity was needed in trade between the U.S. and Japan. If unfair trading practices were allowed to grow, the two countries' natural confluence of interests could turn into confrontation.

Mr Donald Grierson, senior vice-president, Industrial Electronics Business Group of General Electric, said electronic factory automation was the "fountain of youth" which would rejuvenate the ageing structure of U.S. manufacturing industry and enhance its productivity.

The market for industrial automation systems was likely to reach at least $30bn (£16.9bn) by the end of this decade. But few companies today could afford to invest in brand new turnkey systems. Most needed systems which tailored to fit in with their existing installations.

Mr Keya Toyonaga, advisor to the Japanese Ministry of International Trade and Industry, said that the revolution in high technology would play a decisive part in revitalising the world economy. The process required close international co-operation, accompanied by market competition.

Japan was ready to take new initiatives to encourage international collaboration. It had recently proposed the establishment of a joint working group on high technology with the U.S., and had called for closer co-operation with other Western countries in promotion of high technology.

Mr Rod Inger, principal of Booz Allen and Hamilton, said that all electronic companies must address global strategic issues, if they were to succeed in taking full commercial advantage of technological advances.

Roger Taylor

Mr Baker at yesterday's conference

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UK NEWS

Opticians 'should pay back extra profits'

By Gareth Griffiths

EFFORTS should be made by the Department of Health and Social Security (DHSS) to claw back some of the £10m unintended profit made by Britain's opticians since 1978, the Commons Public Accounts Committee (PAC) said yesterday in a report.

The DHSS has been told by its lawyers that there is no legal basis for claiming back the unintended profits, and this could be achieved only by agreement with the opticians. The PAC urges the DHSS to pursue such a settlement through the Whitley Committee dealing with opticians' payments.

The unintended profits were made in two ways: first, severe competition in the lens industry, which meant that opticians were reimbursed for sums larger than they paid out; and second, over-generous VAT supplements. The opticians have agreed to pay back the VAT supplements worth some £3m.

The Government has announced a review of the way in which the UK's optical services are run. Spectacle pricing policy became hopelessly entangled in the late 1970s and the opticians are being examined also by the Office of Fair Trading.

The PAC said it would be quite unreasonable for the taxpayer not to be able to recover from the opticians all the unintended profits. It is also surprised that it took the DHSS two years to revise VAT arrangements after it had been informed that they were too generous.

The committee makes three recommendations:

● A constant watch needs to be maintained to prevent reimbursement and pricing policy straying out of line. Any scheme *should be clearly designed to fit current circumstances.*

● Sample checks should be made of costs directly rather than identifying them at an intermediate stage.

● Any system for reimbursement for costs should provide for compensation in either direction, should standard rates depart substantially from cost. The PAC wants greater disclosure of facts between the DHSS and the opticians to establish warning signs.

GOVERNMENT departments have been criticised for the high fees paid to some consultant quantity surveyors and architects working on the design and construction of National Health Service hospitals and other public works, writes Andrew Taylor.

The PAC says the Property Services Agency and the DHSS "should use their purchasing power more vigorously in their negotiations with the professional associations and individual consultants than they appear to have done in the past."

The report welcomed recent moves by the Royal Institute of British Architects and the Royal Institute of Chartered Surveyors to allow greater price competition between architects and chartered surveyors when tendering for work.

"However, we regard it as unsatisfactory that it taken well over four years to come thus far, and we shall expect departments to lose no time in achieving effective competition among competent and reliable firms," it added.

PAC, 14th report, House of Commons Paper 227, SO £4.35.

Defence overspending dismays MPs

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE DEFENCE Ministry's proclivity to overrun its cash limits has been severely criticised by the powerful all-Party Commons Public Accounts Committee.

The Committee, which yesterday published three reports on its inquiries into aspects of Defence Ministry spending, noted that in three successive years the MoD had failed to keep within the cash limits imposed by Government.

The most serious overspending occurred in 1980-81. The cash limit of £10.1bn was increased during the year to £10.4bn but the MoD still overspent by £64m.

This was despite major cuts during the year on service activities, works programmes and fuel stocks, and also included a three-month moratorium *on new commitments.*

The PAC note a ministry study group had subsequently highlighted weaknesses in MoD forecasting and monitoring procedures. "The underlying cause of the MoD's problems was that block adjustments made to estimates—to allow for uncertainties and possible delays not related to specific programmes—did not take account of spare capacity which had become available in the defence industry because of reductions in civil work," it said.

But the PAC said to argue that the MoD's over-spending was small in relation to its total budget was not the point, since the approved level was a limit not a target. "Any excess represents a failure. A single failure does not necessarily reflect a weakness of control, but three failures in a row we find very disturbing."

The PAC also *studied repair* and maintenance of the Army's 65,000 vehicles and its policy on pricing and post-costing of non-competitive contracts for defence equipment, worth £4bn to £5bn a year.

The PAC was critical of the policy of maintaining vehicles within army establishments, which was not necessarily cheaper or more efficient than the private sector.

However, it came out in *broad support of the MoD's* arrangements for pricing non-competitive contracts with defence industries. "We would not wish to see fundamental changes in arrangements which are basically sound, simply because the defence ministry claims a special need for significantly higher profits," it says.

● The House of Commons Defence Committee is to study the way the Ministry of Defence has handled public and press information about the Falklands conflict as part of its general inquiry into the defence aspects of the crisis.

Shell and Esso make 'encouraging' gas find

BY RAY DAFTER, ENERGY EDITOR

SHELL and Esso have made an "encouraging" gas discovery with one of the most expensive exploration wells sunk in the North Sea. The drilling is thought to have cost over £15m.

The discovery has been confirmed as a result of production test carried on on block 29/5a, some 155 miles east of Aberdeen. Natural gas was produced at rates up to 2.4m cu ft a day. In addition condensate—very light oil with a specific gravity of 45 degrees API (American Petroleum Institute)—flowed at rates up to 2,667 barrels a day.

Shell UK Exploration and Production, operator for the Shell/Esso partnership, said that further drilling would be necessary to evaluate the significance of the find. But Shell added that it was encouraged by the *discovery.*

The production test was carried out by the drilling rig Sedco 709, the same vessel that first drilled the well last year. Drilling operations then lasted from February 2 until September 13, when they were suspended because of pressure problems in the well. The gas and liquids are contained in a high-pressure reservoir below 14,400 ft. The rig had to be fitted with special equipment to undertake production testing.

As a result of this well, Shell and Esso have earned a joint 50 per cent stake in an offshore licence held by Arco Oil Production, Superior Oil (UK), Canadian Superior Oil (UK), Norsk Hydro Oil and Gas, and Minister Assets.

The gas discovery in block 29/5 may help to clarify the gas transportation plans for Shell/Esso's nearby Fulmar Field. It is possible that *a new gas pipeline will be built to the UK* but the cost of this could not be justified by the gas reserves of Fulmar alone.

Fulmar Field, which is mainly an oil reservoir, was commissioned in February. At present, the gas there is being reinjected back into the reservoir rock.

● Two vital offshore contracts have been won by UK suppliers. Highland Fabricators, a platform construction yard near Inverness, has been awarded an order for a steel platform, worth about Norwegian Kr 200m (£18.3m).

The badly-needed contract, which will help to underwrite a substantial number of the yard's 1,600 jobs, was placed by Statoil, the Norwegian state oil corporation. The platform, due to be delivered by the end of June 1983, will be positioned in the Ekofisk Field as part of *the proposed Norwegian gas-gathering pipeline system.*

Aker Troendelag, Verdal in Norway has won a similar order for another platform to be placed in Norwegian block 16/11 near the Sleipner Field.

● An Anglo-French diving group, based in Aberdeen, has won a contract estimated to be worth more than £35m for work on the Norwegian gas-gathering pipeline project. The contract, awarded to Houlder Offshore of London and Comex Services of Marseilles, is thought to be the largest single order placed for North Sea diving services.

Comex Houlder Diving will use its semi-submersible support vessel, Uncle John, based in Aberdeen, for the diving work which is due to begin in August next year and last for about 13 months.

The work will involve operations in the Norwegian trench, a deep submarine valley off the *coast of Norway where the water* is 300 metres deep.

BBC seeks controls on cable TV growth

BY GUY DE JONQUIERES

THE BBC called on the Government yesterday to establish a new system of official regulation to oversee any future expansion of cable television.

"The BBC believes that unregulated cable would be socially divisive, would sacrifice hard-won programme standards and would coarsen a popular taste which has been painstakingly developed by public broadcasting," it said.

The corporation warned that in the absence of regulation, cable television operators might outbid the BBC and independent television for the right to cover sports events like the Cup Final and the Olympic Games. That would deprive many viewers of access to such programmes.

"It has taken a 60-year investment in skill and dedication to create the present system of public service broadcasting, which is universally acknowledged to be a national asset," it said.

"It would take a much shorter time to erode the value of that national asset if the new cable services were permitted an operating philosophy made up of quick methods of financial control, a cynical view of public taste and no concern for social side-effects."

The BBC gave its views in evidence to the Hunt Committee, appointed to report to the Home Secretary by the end of September on the implications for public broadcasting of an expansion of cable television.

At present, cable systems serving about 2.5m UK households are *restricted to carrying only* normal broadcast programmes. The Government is considering whether to allow cable operators to distribute a wider range of entertainment programmes and, eventually, computerised information services.

The BBC's views conflict with some recommendations made by the Prime Minister's Information Technology Advisory Panel (ITAP), which triggered off the Hunt Committee's inquiry earlier this year.

The ITAP report saw no need for official regulation of cable, arguing that self-policing by operators would be sufficient. It expressed belief that the expansion of cable systems would pose no threat to programme quality or to the BBC's finances.

The BBC calls for the creation of national and local regulatory bodies to ensure the maintenance of programme standards, to require balance and to prevent cable systems from obtaining exclusive rights to broadcast sports and other major events.

Its views were echoed in a separate statement yesterday by Mrs Mary Whitehouse's National Viewers' and Listeners Association which called for a new watchdog body to control cable television.

Support for Lloyd's Bill by Marsh and McLennan

BY JOHN MOORE, CITY CORRESPONDENT

MARSH and McLennan Companies Inc, the largest insurance broker in the world, said yesterday that it strongly supported the Lloyd's Bill to improve the insurance market's self-regulation.

The surprise support came in London from Mr John Regan Jr, chairman of Marsh, which has taken over C. T. Bowring, the UK insurance broker with large Lloyd's interests.

He stressed that Marsh supported the controversial proposal in the Lloyd's Bill to require Lloyd's brokers to sell their shareholding links with underwriting managing agencies, the groups which run underwriting syndicates.

Nearly all the main UK brokers oppose the measure. Alexander Howden, C. E. Heath, Minet and Sedgwick Holdings have promoted a parliamentary petition to the House of Lords to seek removal of the clause. They are supported in their efforts by Sedgwick Group, Willis Faber, and Stewart Wrightson.

But Mr Regan said that the forced sale of brokers' shareholdings with underwriting interests had been accepted by his group as "the necessary price to pay for Lloyd's getting its legislation."

A House of Lords committee is due to meet again today to review the Bill and hear arguments against the divestment proposals.

Bupa chief warns of too many private hospitals

BY ERIC SHORT

A WARNING on the dangers of building too many private hospitals has been issued by Lord Wigoder, *chairman of the* British United Provident Association (BUPA), the largest medical insurer in the UK.

In his statement accompanying the annual report and accounts of Bupa, Lord Wigoder said private developers had begun to plan and build hospitals on a substantial scale, based on exaggerated forecasts of growth in demand for private medicine.

This led not only to an oversupply of beds in some areas, *but also to excessive medical* charges because of the profit motive.

Lord Wigoder said these higher charges would in turn lead to higher subscriptions. Some of the larger client companies of Bupa, concerned at the rise in costs, were advising employees to use alternative hospitals where standards were still high but charges more reasonable.

He observed that an exaggerated estimate of growth, based on the exceptional increase in membership during 1980, had attracted commercial insurers from overseas to exploit what they believed was a large and rapidly expanding market.

Some companies were quoting uneconomical premiums in order to establish a presence, and would not be able to maintain them in the future.

DoT under attack on roads switch

By Hazel Duffy, Transport Correspondent

THE Department of Transport was criticised yesterday in a report by the Committee of Public Accounts over transfer of work from the department's road construction units to privately-owned consultants.

The committee says it is "unsatisfactory" that the department did not disclose the estimated extra costs of the transfer, or take more trouble to evaluate alternative action before an announcement in Parliament.

"We consider it an important part of both accountability and financial discipline for departments that significant financial implications of a change in policy of this kind should be assessed, and disclosed to Parliament before the point of commitment is reached, so that Parliament can reach its own *judgment on the balance* of costs and benefits."

The committee recommends that the department spread the transferred work among more consultants.

One government reason for *privatisation of road* contracting was that it would strengthen private-sector ability to gain overseas work. Yet the committee discovered that of 15 selected, 13 were working already for the department or *the Scottish or Welsh Office.*

Transfer of work to private operators was not undertaken initially for cost-saving the department told the Comptroller and Auditor-General in March, 1980.

Fair trade move on banks

A RIFT between banks and the legal profession could deepen because of the latest moves by an influential lawyers' group.

Lawyers have been concerned for some time over the prices *charged by banks when acting* as executors of wills.

Now the British Legal Association, a professional body of solicitors, has reported the banks to the Director-General of Fair Trading.

The association believes that bank trustee department charge too much in comparison with solicitors' fees for similar work.

Banks are allowed to advertise for such business while solicitors are not. The association believes the banks have acted unfairly and hopes the Director General will put pressure on banks to cut their costs, or take them to court over their charges.

Mr Stanley Best, chairman of the association, said this latest move was not meant to persuade people to ask solicitors to act as thei rexecutors. A family friend or relative could sometimes do the work.

The Law Society, the solicitors' largest professional organisation, takes the same view as the association.

A law society official said: people were sometimes unaware of the level of banks' charges.

Mr Chris Mapleton, of the banking information services, said banks charged according to specific tariffs which were made known to those who appoint banks as their executors.

Theatre cleaning drama

BY LISA WOOD

A DECISION on whether London's National Theatre will go ahead with plans to assign its cleaning to a private contract will be made in the next few weeks.

Earlier this week, the ruling Labour group on the Greater London Council threatened that it would stop its £690,000 a year grant to the theatre unless it abandoned such plans.

The GLC's next instalment of *£172,500* is due *in early July,* and Mr Tony Banks, chairman of the GLC arts and recreation Committee has said that the money will not be paid if the National contracts the work to Exclusive Cleaning Services.

Such a threat was last made by the GLC in 1980 when Sir Horace Cutler, the Conservative leader, said he would withdraw the grant if the play, Romans in Britain, was not taken off.

The theatre adopted the latest plan in response to an impending deficit of £140,000. Last year, the theatre made a small surplus on total costs of £10.38m. The desire to maintain artistic standards, said the NT, forced it to conclude that scope for savings was confined to cutting costs on upkeep of the building, which accounts for about 19.2 per cent of total spending. Actors' salaries, by comparison, take some 15.9 per cent of costs.

The theatre estimated it could save up to £60,000 on its cleaning bill of £174,000 by assigning the work to contractors.

Northern employers attack Stansted plans

BY NICK GARNETT, NORTHERN CORRESPONDENT

MANCHESTER International Airport—one of only three designated gateway airports in the UK—would be demoted to the role of a regional airport if the *Government decided to develop* Stansted, northern business leaders claimed yesterday.

Manchester Chamber of Commerce papers will form part of a submission from the Association of Chambers of Commerce to an inquiry into whether Stansted should be developed as London's third airport. They argue that the position of Manchester and other smaller airports in the region would be seriously undermined.

Manchester is extending its runway this year partly to try to obtain intercontinental traffic, but the Chamber said yesterday, that growth would be *stopped in its tracks if a major* Stansted expansion went ahead.

This would weaken the North's economic infrastructure even though airlines wished to continue serving the North of England as an identifiable region through Manchester.

Referring to Stansted, Mr Melville Bingham, chairman of the Chamber's air transport committee, said that "for the Government to sanction the investment of a further £1bn in this privileged corner of the country would be grossly unfair and totally inexcusable."

At least 15m passengers could be accommodated at Manchester and other regional airports on services which would be convenient for the passenger and profitable for airlines.

Making greater use of regional air facilities "would boost industrial and commercial regeneration in the region and release a large proportion of the £700m earmarked for Stansted for investment in urgently needed regional infrastructure."

Manchester handled 4.9m passengers last year and was used by 40 airlines serving almost 100 international destinations.

The Chamber has accused the Government of trying to stifle Manchester's ability to compete for international air traffic, including freight.

"Licence applications by operators wishing to use Manchester are blocked time and time again—playing into the hands of the civil servants, the British Airports Authority and British operators, all of whom appear hell bent on a major concentration of services and facilities in the South East."

Sotheby's reduces operations in U.S.

SOTHEBY'S is closing its saleroom on Madison Avenue, New York, and will hold auctions in its purpose-built York Avenue Galleries. It is also selling its Los Angeles operation and will dispose of works from the U.S. West Coast in New York.

This is part of Sotheby's cost-cutting efforts to get the company back into profit. Weakness in many sectors of the art market, coupled with the high investment costs of recent years, has eaten into profits. In the last nine months, Sotheby's has been shedding staff worldwide.

It is unlikely that the UK operation, which is making a loss, will escape more redundancies. Sotheby's Belgravia saleroom is being closed and one of the three provincial salerooms might be axed. Mr Julian Thompson, who took over this month as chief executive of Sotheby's British and European operations, said the market for the finest works of art is still strong but medium-priced objects, usually bought by dealers, are less in demand.

Credit card cut

LLOYDS BANK fell into line yesterday with the Midland Bank and Barclaycard by announcing a reduction from July 1 in the monthly interest charges on its Access credit cards of ½ per cent to 2 per cent. This cut in the annual percentage rate on Lloyds Access cards from 30.6 to 26.8 per cent matches the reduction for Midland's Access customers and the 6.1m Barclaycard customers announced this week after the reduction in banks' base lending rates.

Loan for Scotland

THE European Investment Bank (EIB), the European Community's bank for long-term finance, has loaned the equivalent of £2.5m towards various infrastructural improvements to serve developments in industry and tourism in the Dumfries and Galloway region of south-west Scotland. The loan, for 15 years, goes to the Dumfries and Galloway Regional Council for various road improvements and water supply schemes which will facilitate 12 industrial site and advance factory developments to create about 1,650 jobs.

Steel output up

Steel production in Britain averaged 317,700 tonnes a week in May—3 per cent higher than in April and 10.6 per cent more than May, 1981 —according to the British Steel Corporation and the *British Independent Steel Producers' Association.* Output in the first five months of the year averaged 316,300 tonnes per week, 9.4 per cent above the rate in the equivalent period of 1981.

However, in both April and May, 1982, production was affected by less demand than in earlier months, particularly for commercial steel products for re-rolling.

Prestige job lost

PRESTIGE, the kitchen equipment manufacturers at Derby, has declared 68 of its 280 production workers redundant, from today. The company blamed "the continued depressed state of business."

GLC industry head

MR ALAN McGARVEY, an official of the former National Enterprise Board, has been appointed chief executive of the Greater London Council's Greater London Enterprise Board. The board will operate on a budget of some £25m in its first year, considerably less than the £40m planned by the GLC for investment in London industry.

War rooms tender

THE PROPERTY Services Agency has invited tenders for the preparation of the Cabinet war rooms, to be opened for display to the general public. The work is expected to be complete by autumn, 1983. The basement war rooms, beneath the Government Offices in Great George Street, London, were used by Mr Winston Churchill during World War II for Cabinet meetings with the Chiefs of Staff. The rooms have been left as they were in 1945 and have been available in recent years only for limited guided tours on application. The tours will cease on June 30 to let work begin.

Bank's futures move

NATIONAL Westminster Bank has formed a £1m subsidiary, National Westminster *Financial Futures,* to operate on the group's behalf on the London International Financial Futures Exchange. The value of the market lay particularly in the opportunities to hedge interest rate exposure, the group said. For National Westminster that was more important than hedging currency exposure, for which facilities already existed in the forward foreign exchange market.

Minister outlines £2m technical service for small manufacturers

BY TIM DICKSON

A FREE service to help small manufacturing companies with their technical problems was announced yesterday by the Department of Industry.

Government resources of £2.2m have been made available to pay for the advice, which will be given through the Production Engineering Research Association (Pera) at Melton Mowbray.

Pera already operates the department's Manufacturing Advisory Service (MAS), which also deals with technical difficulties, but only for companies with more than 60 employees.

Announcing the Small Firms Technical Enquiry Service (SFTES) yesterday, Mr John MacGregor, Industry Minister with special responsibility for small business, said the scheme would fill "a long-standing gap."

It will be available to any manufacturer in England, Scotland and Wales, provided it does not employ more than 200 people on the site concerned and provided it has not already benefited from MAS.

To spread the benefits as widely as possible, companies will only be allowed up to four technical inquiries which require five person-days of work by advisers, at the most (excluding time spent in travel).

Mr MacGregor said: "Small companies need to move faster and faster to keep pace with technology. In an increasingly complex world, they cannot be expected to keep abreast of discoveries and improvements in thousands of areas of science and technology."

Small problems to be dealt with are likely to include inquiries about materials or goods, methods of manufacture, monitoring instruments and interruptions in processes. Bigger difficulties might involve advice on computers, production control, factory layout or energy savings.

General management or financial problems will continue to be tackled by the Small Firms Service (Freefone 2444). Some SFTES inquiries will be handled directly by Pera, but the others will be farmed out to other research organisations and private consultants.

SFTES may be contacted by telephoning Pera at Melton Mowbray (0644) 64133, ext 444.

OFT urges compulsory descriptions of used cars

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE OFFICE of Fair Trading has revived the idea that all used car dealers should be forced by law to display a signed statement about a vehicle's condition on the windscreen.

The statement would say if there were mechanical or safety defects, whether the milometer's reading was correct, and would apply to cars up to 10 years old.

The suggestion was first made in a report in November 1980 but did not fin favour with Mrs Sally Oppenheim, previous Consumer Affairs Minister.

Mr Gordon Borrie, director-general of the OFT, said yesterday that Dr Gerard Vaughan, the new minister, had shown more interest in the idea.

Mr Borrie recently visited the U.S. state of Wisconsin, where a similar scheme has worked, apparently with some success, for several years, and made a trip for the minister on it.

Further pressure on the minister will come from the Motor Agents' Association, which will soon meet Mr Borrie and recommend statutory backing for a modified version of the association's code of practice, covering sale and servicing of cars.

The code, mandatory for the association's 15,300 members, insists that dealers display a "check list" about a used car's condition on the windscreen.

The OFT says that last year 60,700 complaints about cars or accessories were made to trading standards or consumer advice offices, topped only by complaints about household appliances.

Government to retain five Ulster training boards

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT yesterday proposed the retention of at least five of Northern Ireland's nine industrial training boards and put forward plans for a training authority with broad responsibilities.

The present Northern Ireland Training Executive, which carries out central administrative and financial duties for the boards, is to be given additional powers and will be renamed the Northern Ireland Training Authority. The proposals were put forward in a consultative document published by the Northern Ireland Department of Manpower Services after a lengthy review.

Mr Adam Butler, Minister of State in Northern Ireland, said he wanted the new authority to provide strong leadership for all facets of industrial training. Its services would be available to voluntary training organisations and it would have a new duty to keep training needs under review and develop links with the public sector. It would also advise on and promote innovation particularly of technological skills.

The consultative document said conclusive arguments had been put forward for retaining the boards, which cover catering, construction, engineering and road transport.

The department also favours retaining the textile industry training board. It felt adequate training could not be provided voluntarily by an industry operating in a difficult financial climate.

The man-made fibres and clothing and footwear boards are to be axed.

Employment in fibres has dwindled from 10,200 in 1973 to the present 1,500.

Training for the Future; available from Department of Manpower Services, Netherleigh, Massey Ave, Belfast, BT4 2JP.

Rupert Hambro's new job

BY ALAN FRIEDMAN

MR RUPERT HAMBRO, who last week resumed charge of the international banking business of Hambros Bank when seven senior Hambros executives resigned, hsa been appointed a deputy chairman of the bank.

Mr Hambro will have overall responsibility for the international side of the bank, especially overseas dealing. The other deputy chairman is Mr John Clay.

The bank does not plan to recruit any outsiders to replace the seven executives who left to set up a new investment bank under the umbrella of the Scandinaviska Enskilda Banken, according to Mr Hambro. "I'm not going to go outside for anybody. We are going to replace the whole lot of them internally," he said.

Mr Ian Schmiegelow, a director in the international banking division, has taken over the day-to-day running of Eurobond new issues, added Mr Hambro. Mr Jamie Hambro has stepped in to run the bank's Swedish business on a "*protem*" basis.

Hambros yesterday launched a £30m Eurosterling bond for Norsk Hydro, which is 51 per cent owned by the Norwegian Government. Mr Hambro said this was proof that the bank was still influential in Scandinavia.

Hambros Norsk Hydro issue, Page 28

Lafite price up 13-fold

BY EDMUND PENNING-ROWSELL

THE HIGHLIGHT yesterday of Christie's finest and rarest wine *sale was £1,150 given by a trade* buyer for a magnum of Lafite 1870 which in the Glamis Castle wine cellar sale of June 1971 made £85.

And a curiosity was a collection of 72 bottles of different Scotch malt whiskies that went for £850.

Thanks largely to American bidders and those buying for that market, prices of clarets ancient and modern continued the firm trend evident all this year, and in many cases estimates were exceeded.

Single bottles of Lafite 1867 and Latour 1893 made £145 and £130 apiece. In the post-war era a dozen bottles of Ch Margaux '45 reached £1,200, six bottles each of Cheval-Blanc '47 and Mouton-Rothschild '47 *brought* £640 and £520, and a case of Lafite '49 went for £900.

The increasingly sought-after '61s sold briskly. Prices per dozen in brackets: Lafite (£1,050), Palmer (£940), La Mission-Haut-Brion (£760), Beychevelle (£460) and Ducru-Beaucaillou (£440). Only four bottles of the rarest of them all, Petrus, reached £720, and a case of the same chateau '62 went for £740.

Among white bordeaux the celebrated Yquem '21 made £140 a bottle, its '37 made £155, and the '45 £145. A case of Laville-Haut-Brion '61 made the exceptionally high price, for a dry graves, of £600.

Teachers awarded 6% rise by Acas panel

By Philip Bassett, Labour Correspondent

TEACHERS IN England and Wales were yesterday awarded pay rises of 6 per cent by an arbitration tribunal. Education authorities, which originally offered 3.4 per cent, agreed to arbitration only after the teachers took industrial action.

The award, by a panel set up under the auspices of the Advisory, Conciliation and Arbitration Service, would add £224m to the existing pay bill for the 440,000 teachers of £3,720m.

The Government has yet to accept the result of the arbitration, the teaching unions' claim for rises of about 11-12 per cent, but it may have to unless it argues before Parliament that it cannot afford to.

The Government has also refused to publish the award, which as well as recommending a 6 per cent increase, makes a number of suggestions on collective-bargaining arrangements.

It states: "We have been struck by the absence of any sustained serious collective-bargaining by the parties." Acknowledging that this could be the effect of ad hoc inquiries into teachers' pay, it recommends a joint review of bargaining procedures, which would also take into account pay principles.

However, on the public sector questions of comparisons with outside pay, the confidential report states: "Comparability, which itself is not a simple concept, is only one of a number of considerations which parties will take into account." This mirrors Government thinking on nurses' and civil servants' pay.

The report suggests that both sides "could make a serious and sustained joint effort to improve the data base for negotiations, covering pay levels, salary structures and other matters."

The Association of County Councils said that some authorities would have to make "compensatory savings" to fund the award. The rejection of this by teaching unions, which argued that many authorities had budgeted for 6 per cent rises, is borne out by the arbitration award, which states:

"In making this recommendation we trust that it will not lead to any acceleration in the ongoing reduction of the total number of teachers by the 13,500 assumed by the Government."

The award would take the pay of an average teacher from £7,645 to £8,103. The average head teacher would rise from £11,462 to £11,150, and the small number of top head teachers would exceed £20,000.

British Rail unmoved by strike call

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL yesterday took a firm public stand over the threatened all-out strike by the National Union of Railwaymen. Senior BR officials insisted that no more than the current offer of a 5 per cent pay rise could be put forward, and that prospects of avoiding a strike were gloomy.

However, other BR officials were more hopeful that the three weeks before the strike is due to start on June 28 would give the BR Board and the NUR enough time to reach a compromise which might include a change of the present offer.

Mr Cliff Rose, BR Board member for personnel, insisted yesterday that there could be no improvement in the offer of 5 per cent from September. The NUR would have to comply with the productivity conditions which were firmly attached to the offer.

He said that if the NUR strike were to go ahead, then the 5 per cent would be withdrawn, as BR warned it would be when the offer was made.

One senior BR official said the position looked "very grim." But others were more optimistic, although they acknowledged that — despite recent olive branches held out to the NUR, such as deferral of planned workshop closures and proposal of a special payment for agreement to flexible rostering—confrontation with both BR manual unions seemed to be looming.

However, they thought that the reason behind the NUR's strike call was as much to admonish Mr Sid Weighell, the NUR general secretary, as it was to show industrial militancy. NUR executive members of all political complexions were annoyed with Mr Weighell for appearing to form union policy on his own rather than through the executive on such issues as the Labour Party and separate pay settlements with BR.

Some thought that the coincidence of the strike date with the opening of the NUR annual general meeting at Plymouth might make a deal harder to reach, but others thought Mr Weighell might have more success in getting a deal through conference than through the executive.

While BR was publicly discounting it, any variation in the offer could come from a change in its implementation date. Further money could also be obtained, if discussions on the outstanding productivity issues were near enough to completion by the deadline at the end of July.

All sides are looking for progress from possible, though increasingly unlikely, negotiation on Wednesday, or from a meeting the following day of the Rail Council, which will be attended by Sir Peter Parker, the BR chairman.

The white-collar Transport Salaried Staffs' Association wrote to the Board yesterday to call for a range of talks to avoid confrontation. It offered to go to arbitration if necessary. The Board is likely to reply to the union today.

Peter Riddell, political editor, writes: Senior Ministers are determined to take a tough line over the threatened British Rail strike. Mr David Howell, the Transport Secretary, will not intervene directly or publicly at this stage, but he will be kept closely informed behind the scenes.

Ministers are fully prepared to weather an indefinite stoppage and there will be strong support from Tory backbenchers, including those from commuter seats, who believe that the long industrial relations problems of BR have to be resolved.

Workers to fight Shell Chemicals' closure plan

By Nick Garnett, Northern Correspondent

A MEETING of about 750 workers from Shell Chemicals' Carrington complex near Manchester voted yesterday to back a campaign of industrial action against any decision to close the works or impose compulsory redundancies.

But the recommendation from shop stewards also included a willingness to co-operate with management on some form of rationalisation, provided a proportion of the 2,000 jobs are saved and the complex put on a secure footing.

The site was responsible for almost all Shell Chemicals' £45m loss last year. The company is due to decide next month what action to take to stem the losses.

Shop stewards fear that the company may decide to shut the whole site and there are a range of options it has been studying to shut down parts of the plant. One would be to close about 270,000 tonnes of annual production capacity with the loss of 1,000 jobs.

Workers who did not attend yesterday's mass meeting will consider the proposals on Monday. The shop stewards' recommendation includes industrial action to save jobs in the event of a closure decision and strikes if the company drops its normal policy of voluntary severance.

A third recommendation is that trade union officials will be empowered to negotiate the most effective means of guaranteeing a secure future.

Mr Fred Green, the Transport and General Workers' Union convener at Carrington, said the aim was to ensure a "peaceful transition" for the site through vountary redundancies.

Transport union has £3.4m surplus, but membership falls

BY JOHN LLOYD, LABOUR EDITOR

THE TRANSPORT and General Workers Union — the country's biggest — will shortly report a £3.4m surplus for last year despite membership being cut by 100,000 to 1.7m.

The union's relatively healthy financial position — at a time when other unions are in considerable straits — allowed it to pay its 939 staff and 569 full-time officers wage increases of 9 per cent in a recent settlement. they also got five-day's paternity leave entitlement and other fringe benefits.

TGWU national officials earn about £13,000, while district secretaries earn about £10,000. Mr Moss Evans, the TGWU general secretary, would not disclose his own salary nor those of his senior colleagues — but said it was significantly lower than salaries paid to general secretaries of much smaller unions. Mr Evans is understood to earn between £18,000 and £19,000.

The union's general fund stands at £42m, with its assets valued at historic costs. Mr Evans said a current valuation would add a value of half as much again.

The TGWU has achieved this in two ways: by doubling its contributions over the past two years to a minimum level of 50p; and by avoiding widespread or prolonged strikes and thus the need to provide strike pay.

Mr Evans underlined this point yesterday when he said the union would not make a general call for industrial action by its members in support of the health workers' action—though he said TGWU members were free to take "spontaneous" action in support.

In the course of its quarterly meeting this week, the union's general executive:

- Agreed to submit two motions to the TUC, one condemning the Government's handling of the economy and calling for a future Labour Government to implement a reflationary policy, and a second calling for an increase in pensions and the exemption of pensioners from standing utility charges. The first of these motions is to go as the union's one resolution to the Labour Party conference.
- Condemned the Argentine invasion of the Falklands and the Government's handling of the crisis — a motion which stopped short of demanding withdrawal of the task force; and called for an end to Israeli invasion in the Lebanon.
- Reviewed the possibilities for further amalgamations, including a number of small textile unions, the sheetmetal workers and the National Society of Metal Mechanics.

In his report to the executive Mr Evans expressed concern over the poor performance by the Labour Party in recent by-elections. However, he refused to be drawn into speculation over the leadership of the party, saying there was no need for a change in leader. The union's executive has said that it sees no need for a contest for the posts of leader or deputy leader this year.

More surprisingly, it has decided not to nominate a candidate for treasurer of the party, dropping its traditional backing for Mr Norman Atkinson, MP. It is to nominate Mr Alex Kitson to the party's NEC, and has selected Mr Doug Gray, an executive member and a convenor at BL's Solihull plant, to take the place of Mr Stan Pemberton, the retired TGWU president, on the TUC's General Council.

'Uncontrolled' spread of new technology attacked

BY OUR LABOUR STAFF

THE ASSOCIATION of Professional, Executive, Clerical and Computer Staff, Apex, yesterday published a report which claims that new technology is being introduced in the South-East in an "uncontrolled fashion."

It also says that new technology means job losses and health and safety hazards.

The report is based on a 1981 survey carried out by the Apex London and Home Counties Area Technology Committee. Representatives of about 10,000 Apex members took part.

Respondents to the survey, mainly from offices in the engineering industry, say that the increasing use of mini-computers is leading to a loss of jobs in data processing.

Over 80 per cent said that visual display units are now in use in the workplace. The report warns: "The introduction of new technology in this form can undermine the strength of the union and its ability to represent its members effectively."

It also says that there is no provision within present health and safety legislation to control new technology, and that 60 per cent of respondents to the survey had not been properly trained in the new systems.

The report concludes: "New technology is as big a threat to jobs as the current economic situation, and many employers are using the economic climate to introduce new technology without agreements."

It recommends proper agreements for all new technology; an effective monitoring system and proper training.

Lloyds Bank staff seeking 'new type' arbitration deal

BY BRIAN GROOM, LABOUR STAFF

LLOYDS BANK staff are seeking a so-called "flip-flop" arbitration arrangement similar to Toshiba's much-publicised deal with the electricians' union at Plymouth.

The 21,000-member Lloyds Bank Staff Union wants this to form part of a co-operation agreement to reverse a steady deterioration in industrial relations.

The "flip-flop" idea is that arbitrators cannot make a compromise award on, for instance, a pay claim. They must opt for one side or the other—which in theory makes both put moderate offers and claims, for fear of losing if they appear unreasonable.

The bank appears lukewarm both on this and the whole co-operation agreement idea, which would involve more consultative sessions on issues such as planning and marketing. It has yet to respond formally.

"Flip-flop" arbitration was suggested by the Clearing Bank Union, to which the Lloyds union belongs, to resolve the national-level impasse between the Federation of London Clearing Bank Employers and its two rival unions, which do not have a procedure agreement. The situation remains unchanged, however.

Arbitration under the Lloyds staff proposal would be binding, and compulsory if either management or union demanded it. Such unilateral access to arbitration has now virtually disappeared from English clearing banks.

One of its last vestiges was an arrangement for managers at Lloyds, under which the union recently won a 10 per cent award.

Telecom overtime cut call

BY OUR LABOUR STAFF

THE POST Office Engineering Union's annual conference yesterday backed moves to restrict overtime for engineers in British Telecom.

The 130,000-strong union will now seek an agreement with BT management cutting average overtime to two and a half hours per man per week—with a maximum of eight hours a week.

The POEU is anxious to co-operate on increasing BT orders but wants to create more jobs not more overtime. The union will tell BT at a joint meeting on July 8 that it now wants a code of practice on manpower planning.

Against executive advice the conference also called for comprehensive changes in members' rights following alleged harassment by BT investigators. The executive was ordered to press for the right of members to bring in union officials and solicitors when called for questioning.

Conference also decided that a member found guilty of an offence should not be dismissed automatically.

Mr John Scott-Garner, a right winger, was re-elected union president with 94,400 votes gainst 36,460 for his left-wing opponent Mr Tony Young.

BTR valves merger with Serck is given all-clear

BY RAY MAUGHAN

THE MERGER between BTR and Serck, the valve-manufacturing group, has been cleared by the Monopolies and Mergers Commission.

The commission's report, published yesterday, concludes that the merger is not "likely to have any material, adverse effects on the public interest."

The five members of the inquiry which examined the merger, believed it "may in fact have some advantage to the public interest in that the greater strength of BTR as a manufacturer of industrial valves and actuators may enable it to compete more effectively in this field both in export markets and against foreign competition in this country."

BTR, a broad-based industrial holding company, first bid for Serck in September when the combination of a market raid and the purchase of a significant shareholding from Serck's earlier suitor, Rockwell International, gave it a 41 per cent holding. Further purchases had given BTR majority control before the £25.5m deal was referred by the Office of Fair Trading to the Monopolies Commission.

There are three broad strands to the commission's findings. Much of its investigation, which began on November 6, has been concerned with the shape of the UK industrial valve market and its future following the merger of Serck with BTR's own valve and actuator manufacturer, Worcester Controls.

The commission considered the industrial aspects of the valve industry and also the effects of diversification by a broadly-based holding company, or conglomerate.

Finally, it gives an account of the unusual circumstances which preceded the decision by the Office of Fair Trading recommendation to refer the deal.

The investigation, headed by Mr J. D. Eccles, discovered that the total market for industrial valves in the UK was worth about £289m in 1980, of which BTR and Serck had a combined 7 per cent share. But the market segment which concerns BTR and Serck comprises on/off valves which are principally quarter-turn, gate, globe and diaphragm categories.

This market was worth £206m in 1980, including £57m by overseas manufacturers of which Serck and Worcester had an aggregate 8 per cent stake. This share, the commission found, consisted entirely of quarter-turn valves in which the two groups had a 21 per cent slice of the market, valued at £71m.

The quarter-turn market, however, breaks down into three basic types: plug, butterfly and ball valves. The commission concluded that "technical and price differences between them are sufficient to justify their being regarded as three separate categories."

The merger "does not result in any increase in the share of plug or butterfly valves, both of which are made by Serck and not by BTR."

The enlarged share of the ball valve market might be expected to have a significant effect on competition, the commission noted, but even this sector consisted of different types "which cannot be regarded as close substitutes for one another."

BTR's share of the general purpose, three-piece ball valve market would be increased only "by a negligible extent" by Serck's own sales.

"Moreover, before the merger Serck was intending to abandon production of these valves."

High specification one-piece and two-piece valves are made by both companies, but the overlap is unclear "because the valves tend to be differentiated by their design specifications, the materials of which they are made, their applications and the industries in which they are made."

The commission said it was "required to specify the particular effects adverse to the public interest" when considering the "possible detriment" which might arise from a merger "which adds to the size or complexity of an already large, diversified group of companies."

It found that the merger would not bring BTR to the point where its increased size became "incompatible with effective control and the efficient use of resources."

It goes on: "Indeed, with access to the financial resources of BTR, Serck's industrial valve production may well be better able to meet increasing foreign competition both in home and export markets."

The commission felt, too, that the merger with Serck would not tempt BTR to use profits from some of its activities to adopt pricing policies which put pressure on competitors in other markets. BTR stressed that "cross-subsidisation" was contrary to group policy and the commission accepted the point.

The commission said the increased diversification could lower the standards of reporting disclosure, but it believed disclosure provision was a "wider issue" and "it cannot be said that this particular merger is to be specially criticised in this respect."

The report traces the steps BTR took to win control of Serck before the Monopolies reference.

"These included BTR's moves which gave it outright control of Serck. It summarises the points the Takeover Panel noted before giving BTR special dispensation to complete the merger, against City Code rules which oblige the bidder to let an offer lapse.

The commission has noted the procedures by which the Takeover Panel has sought to prevent such sudden transfers of control of companies, but stresses that such changes fall outside the scope of a Monopolies inquiry.

* BTR Ltd and Serck Ltd, a report on the merger; the Monopolies and Mergers Commission. HMSO, £4.50 net.

Editorial comment Page 18

Nott promises MPs 'another victory soon'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR JOHN NOTT, the Defence Secretary, told the Commons yesterday that British forces at Port Stanley would "go forward with another victory very soon" despite the setback suffered when the landing vessels Sir Galahad and Sir Tristram were hit by Argentine bombs while unloading troops at Fitzroy settlement.

He was not prepared, at this stage, to give the number of British casualties resulting from the attack as this could be of assistance to the enemy and put our men at greater risk.

Mr Nott emphasised that the plans of the task force commander, Major General Jeremy Moore, had not been prejudiced by this attack and others which had taken place on British vessels in recent days. The losses in stores and equipment were already being made good from stocks held ashore.

He was also satisfied that the commander had made the right decision to send vital equipment and men around the island in the landing ships.

Air patrols had been going on all the time and warships had been deployed. Despite this some Argentine aircraft had got through "and that may always be the case however effective our air defences may be."

The Government, Mr Nott said, was giving early consideration to the creation of an airborne early warning system which the task force currently lacked. He added, however, that the two carriers and other vessels in the fleet did have the most modern radar and communications system and this had worked magnificently in conjunction with the Harriers.

Nott: plans not prejudiced by attack

Mr Nott made clear as the Prime Minister had done on Tuesday, that Britain was not going to return to the United Nations to get a ceasefire but intended to remove the Argentine troops by force.

He explained that Britain had been in touch with the International Red Cross in an attempt to get the remaining civilian population brought out of Port Stanley. The Red Cross was working on this but so far there had been no satisfactory response from the Argentines.

"Our objective in the short term is to removal of the Argentines from the Falkland Islands," he declared. "There is nothing more the UN at this moment can do to bring that about.

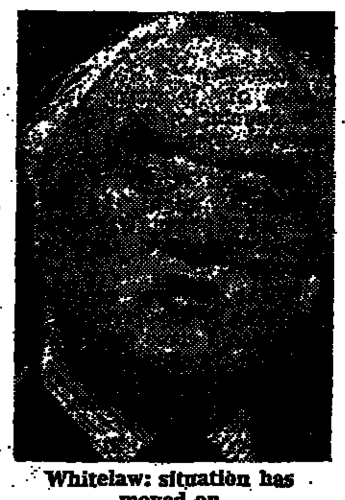
"It can only be brought about by British forces on the ground. We have given every opportunity for the Argentines to withdraw. They have turned every chance down and we must now remove them by force."

Mr Tam Dalyell (Lab West Lothian) said that if Argentine aircraft were always going to get through then Britain was facing another Vietnam in the south Atlantic. Before going any further "into this mire" he urged that the task force should be withdrawn.

Mr Nott told him it had been a remarkable feat to despatch the task force and land it on the Falklands. The successes since it arrived had also been remarkable.

Mr Nott felt that the analogy with Vietnam was entirely false. The Falklands operation had been a series of major victories with some setbacks and our forces had behaved magnificently.

Earlier Mr William Whitelaw, deputy Conservative leader, answering questions in the absence of Mrs Thatcher, rejected renewed demands from Mr Michael Foot, the Labour leader, for another approach to the United Nations on a ceasefire.



Whitelaw: situation has moved on

Mr Foot said the Government should go again to the Security Council to see "what alternatives to unconditional surrender could be offered to the Argentines."

He added: "If the fighting continues to the bitter end many more lives will be lost on both sides."

Mr Whitelaw denied that Britain had at any time demanded "unconditional surrender." "If the Argentines wished to withdraw they would be given time to do so with dignity and in good order."

But he added: "Since their landings on the islands and the losses we have incurred it would be unthinkable to negotiate about the future of the islands as if everything was still as it had been before.

"The situation has moved on. The islanders will need a breathing space before they can express their views about their own future."

● In the text of a letter to Mrs Thatcher released last night Mr Foot underlined his call for a fresh approach to the UN. At the very least, he urged, it would be worth giving the Argentines an undertaking that discussions would reopen as soon as they completed their withdrawal.

Mr Foot believed there was growing support in world opinion for a further British initiative at the UN and thought it would be short-sighted and dangerous to ignore this.

He reminded the Prime Minister that in the longer term there would have to be a negotiated settlement if the British victory was not to be followed by continued Argentine harassment which would make the islands untenable

THE ULSTER FILIBUSTER

Opponents of Prior Bill overplay hand

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE GUILLOTINE is likely to fall on the Northern Ireland Bill in the next 10 days or so. The Government will probably announce next Thursday its plans to introduce a timetable motion on the Bill to cut short the small but dedicated band of filibusters who have prolonged debate until breakfast time twice this week.

Gleeful Tory backbenchers had been congratulating themselves on their success so far in employing the classic filibuster tactics—endless amendments, interjections, points of order and divisions on every possible occasion. After 30 hours of debate, the House is still struggling with clause one of the seven-clause Bill.

But they appear to have overdone it. The best filibusters are those where art conceals art, where the arguments have a semblance of seriousness and where accusations that members are deliberately wasting time can be denied with a straight face.

This week that has patently not been the case. On Wednesday when Mr Nicholas Budgen (Con Wolverhampton South West), one of the more enthusiastic if less experienced filbusters urged Mr James Prior, the Northern Ireland Secretary of State, that the issues "have to be debated fully and properly" and got the retort: "All I can say to my Honourable friend is come off it," the chamber broke into conspiratorial chuckles.

The Northern Ireland debate has seprated the men from the boys. In the former category come seasoned players such as Mr Enoch Powell (OUP South Down) and Sir John Biggs Davison (Con Epping Forest), whose occasionally thoughtful and closely reasoned contributions command attention. But the game has been given away by the boys such as Lord Cranborne (Con Dorset South), who at 3 am on Wednesday diverted the somnolent chamber with a motor racing, and Mr Ivor Stanbrook (Con Orpington), who made a moving plea for the health of ministers obliged to stay up long into the night, and even Mr Julian Amery (Con Brighton Pavilion), mbled off happily into Chaucer's Prioress's Tale.

Even if some influential members of the Cabinet are not enthusiastic about the Bill—and many of the filibusters believe they have the tacit support of both the Prime Minister and the Leader of the House, Mr John Biffen—the blatant, heavy-handed use of filibuster tactics has made it virtually impossible for the Cabinet to refuse a guillotine lest it be accused of connivance in these tactics.

Labour will, on principle, oppose the guillotine though Labour whips might turn a blind eye at a few abstentions if they thought the motion was in real danger of defeat. The Government is likely to have the support of a growing number of uninvolved back benchers.

Occasionally the frivolity drops away and the case argued by Mr Prior and his ministers in their White Paper and in the Bill is tackled seriously. The first of the central issues emerged early in Wednesday's debate. It concerns a provision that power shall not be devolved unless the move has the support of either 70 per cent of the members of a new Northern Ireland assembly or of a majority including all sections of the community.

This is intended to ensure that the mainly Catholic nationalist minority will have an effective voice. But as the shadow Northern Ireland Secretary, Mr Don Concannon, pointed out, the 70 per cent can be achieved without minority representation. Indeed, he suggested, it could be worse than useless in that it might be difficult for Westminster to reject proposals which carried the support of 70 per cent of assembly mebers, even if they were all unionists. He urged that the 70 per cent be dropped in favour of a stronger commitment to cross-community support.

The importance of the issue was underlined by an immediate and heated protest from the Reverend Ian Paisley (DUP, North Antrim).

Capital gains tax compromise outlined

BY IVOR OWEN

A POSSIBLE compromise, to meet Tory back-bench objections to the Government's proposals to index capital gains tax, was outlined last night by Mr Nicholas Ridley, the Financial Secretary to the Treasury, to the Commons standing committee considering the Finance Bill.

Under the scheme, which he put forward in markedly tentative terms, any loss in excess of £5,000 would be taken into account in the computation of liability to capital gains tax.

Mr Ridley firmly resisted a proposal from the Tory backbenches for a revised system of indexation designed to permit the continuance of bed-and-breakfasting—the device which limits liability to capital gains tax through purchase and sale of shares in the same Stock Exchange account. He admitted that the alternative—which he put forward as "a possibility" with a loss of less than £5,000 not permitted to be carried forward—would be a measure of rough justice.

The Financial Secretary acknowledged that people with losses of less than £5,000 would feel aggrieved. He commented: "the committee could suggest that the justice involved in that is too rough." While accepting that the indexation clauses in the Bill were complex, Mr Ridley argued that it was open to any investor, particularly small ones, to avoid them by not holding shares in a pool.

Mr Richard Wainwright (Lib, Colne Valley) called on the minister to admit that the Government's proposals would affect small investors who acquired shares in small parcels, month by month, through unit trusts.

Mr Ridley retorted: "You do not have to buy shares month by month in the same company. The complexity only applies to a relatively small area of the total yield of the tax." In any case, he said, the unit trust managers, and not the small investors themselves, would be principally concerned with the complex calculations.

Mr Anthony Beaumont-Dark (Con, Birmingham Selly Oak) who proposed the alternative scheme designed to permit "bed-and-breakfasting" to continue, said the degree of consternation which the Government's proposals had caused in the City could not be stressed too strongly. "Many people in the City and industry believe most strongly that the present proposals are not only excessively complex but are unworkable."

Mr Beaumont-Dark said it had been calculated that the effect of the Government's proposal on bed-and-breakfast deals would be to increase their cost from something like 2 per cent to something more than 7 per cent.

Mr Ridley commented that it might cost 7 per cent to change shares across an account, rather than within one. But he pointed out that only 2 per cent was accounted for by extra stamp duty. "The other 5 per cent is nothing to do with the Government—it's Stock Exchange commission. The Government is hardly to be blamed for that."

MPs press Tebbit on union rules

By Our Labour Editor

THE GOVERNMENT may introduce a Green Paper on internal trade union reform next year. It would be a prelude to legislation for changes in union rule books, ballots on industrial action and election of union officials.

The case for a consultative document on the issue was pressed yesterday by the Conservative Trade Unionists at a meeting with Mr Norman Tebbit, the Employment Secretary.

The group intends to raise the issue at the Conservative Party conference later this year

Mr Tebbit told the group that he believed in giving the unions time to reform their own procedures voluntarily. If they did not, the Government intended to act.

Mr. Tim Renton, MP for Mid-Sussex and chairman of the CTU said, after the meeting, that he believed there was "a very noticeable commitment" by Mr Tebbit to introduce legislation if he felt it was needed.

He said the CTU would institute further studies of its own into union rules. The group has long supported ballots and has called for an end to the political levy under which members of unions affiliated to the Labour Party must contract out of the levy if they do not wish to pay a donation to that party.

Mr Tebbit's call for rule book reform is unlikely to elicit a voluntary response. Most unions see rule books and internal structure as their own concern, which they guard jealously from intrusion

Foot prepares for battle with hard Left

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

LABOUR'S leader, Mr Michael Foot, now seems prepared to risk a battle with the hard Left by taking some action against the Trotskyist Militant Tendency organisation.

With two weeks to go before the party's inquiry is due to be considered by the national executive committee, Mr Foot appears almost to be convinced that the report will provide conclusive evidence that the organisation is in breach of Labour's rules.

This emerged yesterday among other signs that Mr Foot is trying to reassert his leadership. Following suggestions in the Press that he was under pressure from some of his former supporters to stand down, he said emphatically in an article in Labour Weekly, that his chief aim was to lead the party to victory over the Tories.

Almost any action against Militant Tendency would provoke a storm of protest from local parties and lead to another confrontation with Mr Tony Benn. But it would be welcomed by the majority of Labour MPs, many of whom would lose all hopes of Mr Foot's leadership if he failed to act on the report.

Mr Foot will not decide what to do until the report has been considered by the full executive on June 23. A conciliator by nature, he only agreed to the report after repated representations from MPs who convinced him that the organisation was a threat to the party.

It is by no means certain that Mr Foot will go as far as most moderate MPs believe is necessary, or that the report itself will call for specific steps. The fear of the Right is that Mr Ron Hayward, the retiring general secretary, will conclude that, despite the evidence, it would be wrong to act against Militant.

The moderates believe Labour will have no chance of winning the election if it is seen to tolerate Militant within its ranks. The problem for Mr Foot is an action of the kind deemed necessary by many MPs could well provoke the most bloody battle in the Labour Party since the election.

There are signs that some of Mr Benn's supporters would be prepared to accept some action against Militant, but others on the hard Left are already gearing themselves for a fight. This week's Tribune, which has been taken over by the Bennites, gives a warning that a purge is being prepared. It claims that once the "purgers" have done with alleged Trotskyists they will turn to alleged Bennites.

Next week in parliament

COMMONS

Monday: Industrial Training Board Orders and Control of Atmospheric Pollution (Exempted Premises) (Scotland) Regulations.

Tuesday and Wednesday: Northern Ireland Bill.

Thursday: Debate on German/Italian proposals on European union; Clergy Pensions (Amendment) Measure; Pastoral (Amendment) Measure; opposed private business.

Friday: Debate on medical education.

LORDS

Monday: Lords' expenses; Ministerial and other salaries order; Oil and Gas Enterprise Bill, Report Stage.

Tuesday: Employment Bill, Second Reading.

Wednesday: Debate on disarmament.

Thursday: Relief from Forfeiture Bill, Second Reading; Transport Bill, Second Reading; Northern Ireland Order.

Friday: Local Government Finance Bill, report stage.

Labour confident about defending a bastion

THE STORMS of the south Atlantic may just ripple the surface during the next by-election on June 24.

But Coatbridge and Airdrie, for which nominations closed yesterday is a constituency of two communities very much absorbed with their own problems, according to local politicians. Its 62,000 electors worry about unemployment, housing, glue-sniffing and each other's religion.

The Falklands, according to one sounding, is well down the list of electoral issues.

The constituency, only 10 miles east of Glasgow, is roughly rectangular. As if to demonstrate its capacity for insularity the proximity of Scotland's largest city does not impress the inhabitants of Coatbridge and Airdrie, who do not regard themselves as living in a suburb of the big city.

It has been a Labour bastion for over 30 years with the Tories only managing to hold office briefly before that.

Mr Jimmy Dempsey, whose death has caused the by-election, secured a 15,156 majority at the general election in 1979. Despite failing health, he captured 60 per cent of the vote.

Labour politicians are confident the seat can weather many outside political developments. They feel the party's local roots are deep and able to withstand the traumas at national level.

The by-election will be far from a repeat of the Glasgow Hillhead contest where national issues and one national figure in particular—Mr Roy Jenkins—captured so much of the attention. Here the issues are likely to be close to home and the campaigning is likely to show it.

Nevertheless, the Scottish National Party has issued a survey of voter opinion in Coatbridge Airdrie which showed that 56 per cent of the electorate believed that the Tories would form the next Government. Only 36 per cent thought Labour would win. The SNP's findings showed that, among Labour voters, 55 per cent thought that the party was not providing an effective opposition.

This week the candidates are getting their campaigns under way. Mr Tom Clarke (Labour),

Nominations closed yesterday for the by-election at Coatbridge and Airdrie for which polling takes place later this month. The Falklands factor is expected to weigh less heavily than local issues with voters in the Constituency. Mark Meredith examines the prospects.

provost of the local district council of Monklands, has given his opening press conference; Mr Hugo de Burgh (Tory), a television journalist, has launched his campaign, and Mr Ron Wyllie, a lay preacher, running for the Scottish National Party, has already started issuing leaflets. Mr Sandy Henderson, businessman and Liberal, fighting for the Alliance, has already been doorstepping.

Coatbridge and Airdrie shows signs, common to many Scottish towns, of going through the throes of adjusting to the closure of the heavy industries which led to their growth in the first place.

Coatbridge used to be known as the "iron borough" after the metal found with the coal brought in from the Lanarkshire pits. A permanent industrial haze hung over the townships near the foundries.

But the smog has gone with the iron. So, too, has the large steelworks of Stewarts and Lloyds, closed during the 1960s. The British Steel Corporation's strip works at Gartcosh is still a vital employer. A shadow of the region's former textile activity is still there but local government now provides most of the jobs—about 10 per cent of the workforce. Food processing and textiles account for the large incidence of employment among women.

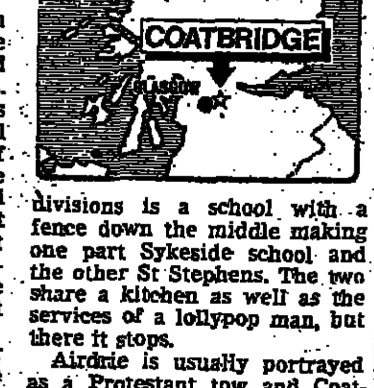
Freightliner and container terminals have brought in some jobs but are highly automated operations.

Unemployment in Coatbridge and Airdrie is edging towards 9,700, double what it was in 1979. About a quarter of the male population is out of a job.

Despite this picture, of an area in depressed economic straits, the towns do not show it. Scotland has much more untidy and rundown towns than these. The usual indicators of neglect, such as vandalism and a carpet of empty crisp packets, do not cover the green areas between the houses and the inhabitants have made some efforts to blot out political spray-painting on the walls.

Graffiti, most of it in support of the IRA, points to the strong religious factor that underlines politics in west Scotland. Sectarian feeling is high, how high depends on whom you speak to.

A monument to religious



divisions is a school with a fence down the middle making one part Sykeside school and the other St Stephens. The two share a kitchen as well as the services of a lollypop man, but there it stops.

Airdrie is usually portrayed as a Protestant tow and Coatbridge as Catholic, although there are large minority groups in each.

The strength of the Catholic vote would, nevertheless, make it political suicide for any candidate to speak out too vigorously on matters of abortion, in the view of one experienced local politician.

Coatbridge is dominated by some large tower blocks which, unlike others elsewhere in Britain, have not proved to be social hazards but have proved attractive to elderly and childless residents. There are large estates of stucco dating from the thirties and forties and a key issue will be the need for funds for modernisation.

About 30 per cent of the community live in council houses and the Labour Party reports slight response to Government efforts to sell off state housing to the public.

CANDIDATES

Thomas Clarke	(Lab)
Hugo William de Burgh	(Con)
Sandy Henderson	(Alliance)
Ron Wyllie	(SNP)

General Election 1979: J. Dempsey (Lab) 27,598; J. Love (Con) 12,442; Mrs M. Johnstone (SNP) 5,280. Lab majority 15,156.

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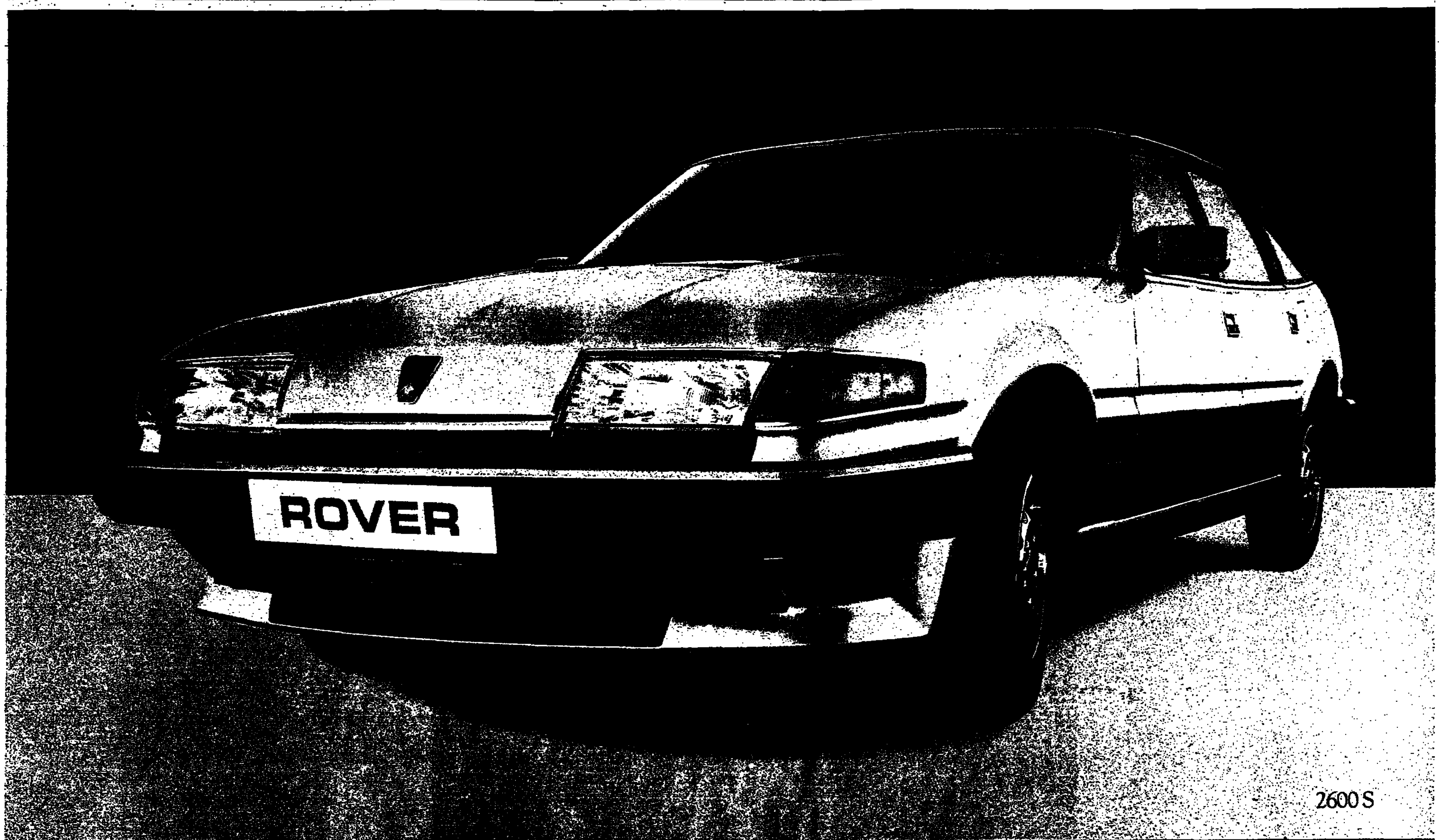

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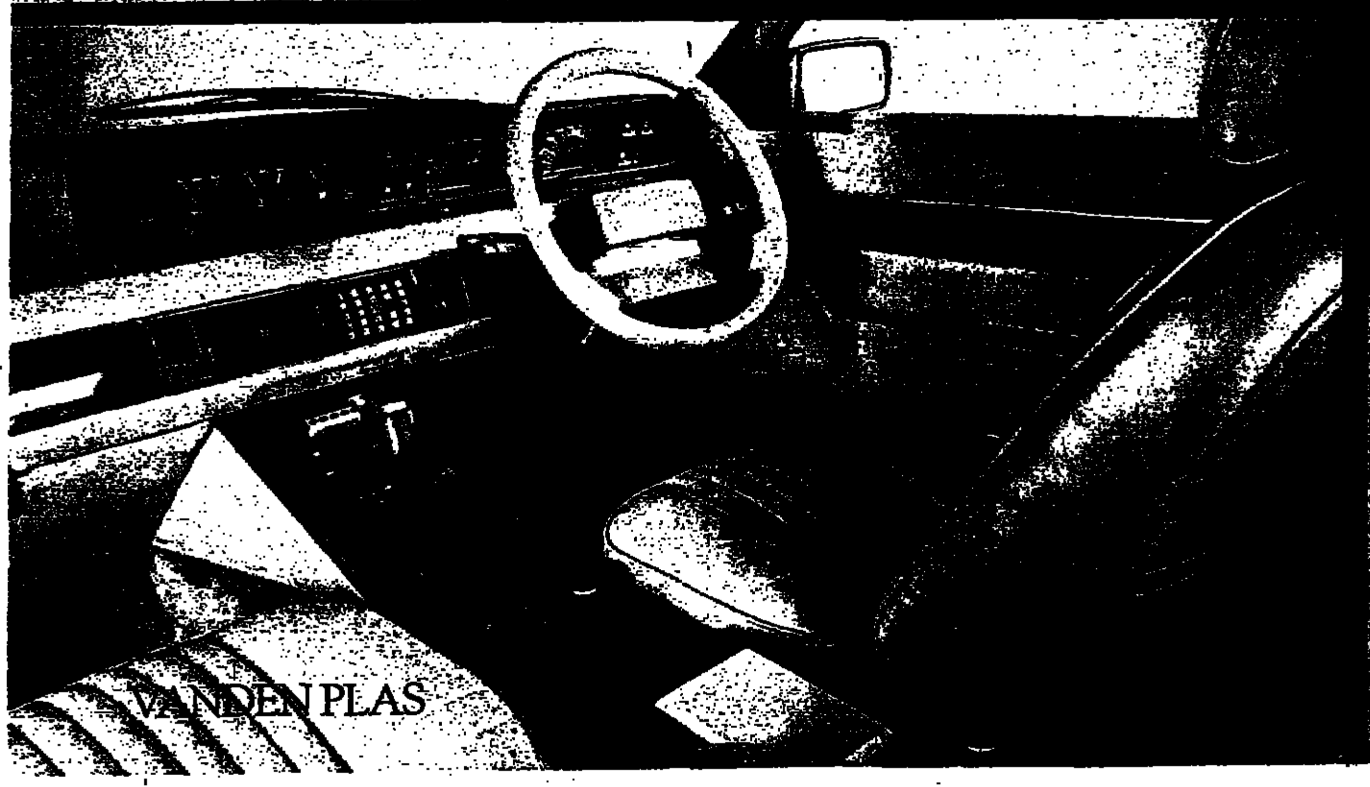

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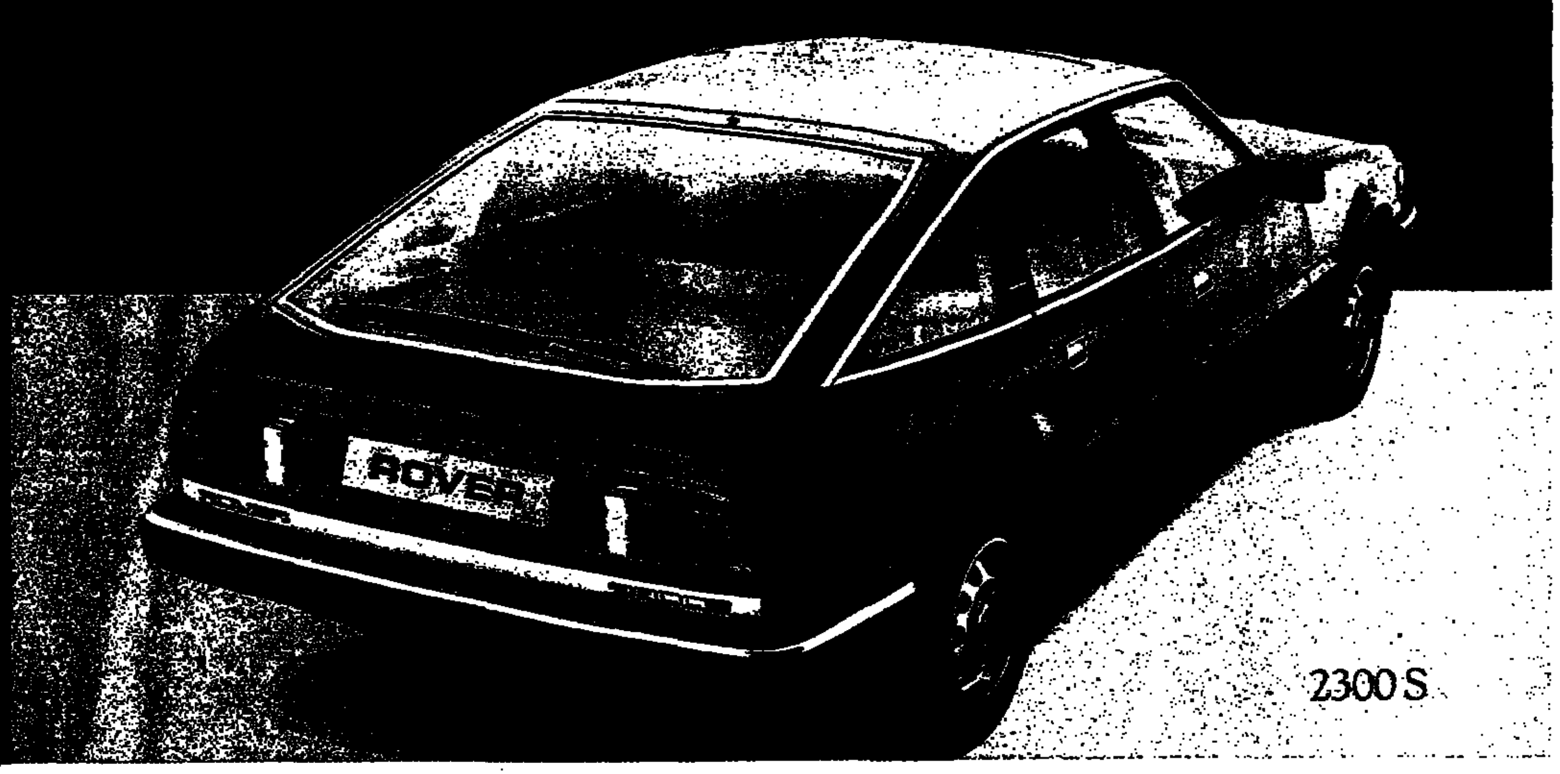

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All new Rovers are now painted by the world's most advanced and proven paint technology.

The sleek aerodynamics of the Rover body have been further advanced with flush-fitting re-styled headlights, a new grille, wrap-round bumpers and a handsome front spoiler for improved road-holding at high speeds.

At the rear of the car we've deepened the tail-gate window for improved visibility, guaranteed even in poor weather by a new, programmed rear wash-wipe system. We've redesigned the interior as well.

The re-styled low-profile instrument binnacle and centre console combine to give you fingertip controls and quick-to-read instrumentation all in a totally new driving environment.

And, as you sit back in supreme comfort, you'll appreciate that a traditional Rover luxury–walnut panelling–has made a welcome return.*

You'll also welcome the fact that we've revised the rear self-levelling suspension* and upgraded the braking system to bring you a more positive and responsive driving experience.

The powerful 6 cylinder 2597cc engine delivers a combination of high performance (116 mph and 0–60 10.3 seconds†) and exceptional fuel economy (40.9 mpg at a steady 56 mph).

We've also extended service intervals to 12 months or 12,000 miles (whichever comes first).

The Rover 2600S combining technology with Rover tradition.

Ask your dealer for a test drive. And enjoy the advanced driving experience.

ROVER ADVANCING THE DRIVING EXPERIENCE

OFFICIAL D.O.T. FIGURES. ROVER 2000 MANUAL, SIMULATED URBAN CYCLE 23.9 MPG (11.8 L/100 KM). CONSTANT 56 MPH, 42.6 MPG (6.6 L/100 KM). CONSTANT 75 MPH 32.7 MPG (8.6 L/100 KM). ROVER 2000 AUTO. SIMULATED URBAN CYCLE 24.7 MPG (11.4 L/100 KM). CONSTANT 56 MPH, 36.2 MPG (7.8 L/100 KM). CONSTANT 75 MPH, 27.6 MPG (10.2 L/100 KM). ROVER 2000 MANUAL £7451, BASED ON MANUFACTURER'S RECOMMENDED RETAIL PRICE, INCLUDES SEAT BELTS, CAR TAX AND VAT. (NUMBER PLATES, ROAD TAX, DELIVERY, AUTOMATIC TRANSMISSION AND METALLIC PAINT EXTRA). FOR FLEET SALES INFORMATION RING 021-779 4484. †EXCEPT 2000, 2300. *STANDARD ON 2600S, 3500SE, VANDEN PLAS.

TECHNOLOGY

EDITED BY ALAN CANE

How to take the laser plunge

BY ELAINE WILLIAMS

SUPERMARKETS are expected soon to take the major plunge into electronic retailing with the adoption of laser checkouts —point-of-sale terminals which automatically scan, price and receipt customer's purchases.

Although laser scanning has been available for years, it has so far gained little acceptance in the UK.

Early equipment performed poorly, and grocery items were not packed so that they could be scanned by the machine. Now the mood is changing.

Magic

Nearly three-quarters of all grocery items checked out of supermarkets now bear a bar code, the characteristic stripes on the sides of packets. According to U.S. experience, this is the magic figure at which it becomes economically feasible to introduce laser scanning systems.

All scanners use a low-power laser to read these bar codes. The system's computer converts this into a unique 13-digit code which identifies each product.

Once in the computer it can be used to provide the customer with an itemised receipt and be used to automate the supermarket's stock control and reordering.

Mr Ken Turner, marketing director of Sweda International — the latest company to introduce a scanning system in the UK — is optimistic that lasers will begin to have an impact on the retail scene in 1983.

"It's been talked about as the greatest revolution since the introduction of self-service more than 20 years ago," Mr Turner said.

Up to 50 systems could be operating in the grocery sector by the end of the year with about 3,000 forecast by 1984. Even so, this is only a small proportion of the total potential market of 56,000 checkouts in the UK.

To date there are only 11 experimental schemes operating in the UK and only one company, Tesco, has firm plans for laser scanning.

It has announced its intention to instal 15 laser checkouts by the end of the year in its stores with an ambitious £90m 10-year programme for a national system.

The majority of scanning systems available in Europe are based on U.S. technology, where lasers have been in use since the mid-1970s.

In the U.S. more than 5,000 scanning systems have been installed.

J. Sainsbury certainly has not committed itself to one manufacturer yet, having experimented with IBM and NCR machines over the past two years. It is presently installing Sweda's latest scanner.

It is hoped that even small retailers will be able to benefit from better stock control offered by laser systems. Several leading voluntary groups — Mace, Spar and Nisa —all have experiments running to test this theory.

But, in the U.S., the introduction of laser systems was fraught with problems and early systems gained a poor reputation. Checkout assistants often had to pass an item over the laser several times before it would read the bar code successfully and register it on the till.

Glass plates which protected the laser from broken packets and spilt liquids, became scratched and discoloured—requiring frequent replacement.

But Sweda has taken steps to overcome the problems associated with earlier systems. It's latest model uses four laser beams to cut down the likelihood of missing the bar code as the product passes by; and it avoids the use of a glass plate.

Even so, better technology and the apparent benefits gained in the U.S. market will not help equipment manufacturers sell laser scanning in the UK or Europe. For retailers in these countries operate differently.

Assistants

In the U.S. most conventional checkouts in supermarkets are manned by two assistants—one to operate the till, the other to wrap. Faster scanning by laser means one assistant performs both jobs.

In the UK, however, it is usual for only one assistant to work at the checkout with the customer wrapping his own goods.

Mr Jeremy Grindle, a director of Sainsbury and presently chairman of the Article Number Association which allocates all bar codes, explained that this means that European supermarkets do not see immediate cost savings through the introduction of laser scanning in terms of staff reduction.

Marginal

Equally, he commented that assistants working with conventional tills in the UK were almost as fast as lasers. However, Mr Grindle is convinced that there is a role for laser scanners because of the better management information. "Every British retailer has to do his sums more carefully since he doesn't have the easy buck to save first," he said.

With present day laser systems costing between £5,000 and £10,000 per checkout, Mr Grindle says that even the gains for a large organisation such as Sainsbury are marginal.

However, advances in electronics mean that costs are likely to fall and there are now at least nine manufacturers, including NCR, IBM and Sweda, giving a wider choice of equipment.

Electronic retailing at a laser checkout and (right) the slot-hole detail of the Sweda scanner which can identify each product

Temperature indicators

A NEW line of one shot thermo-sensitive temperature indicators which can measure, monitor, record and document operating temperatures has been announced by Cobonic.

Details from Cobonic at Guildford (0483 505280).

Cops and robbers and root growth

BY ALAN CANE

TECHNIQUES used to trap bank robbers and catch badgers napping may hold the key to improving root growth in rubber and other crop plants and if that rendered the plants less likely to being swept away in tropical storms, the commercial benefits could be significant.

Glasgow University Botany Department has been interested in the way roots grow for years. Its problem has been finding a method of studying the roots which does not alter their growth patterns.

Roots, like most plant tissues, are susceptible to light through a variety of mechanisms, some of them involving the remarkable plant chemical phytochrome.

Phytochrome, a complicated molecule, is a living switch. Under the influence of light it switches on a whole list of plant activities from germination of seeds to flowering.

Phytochrome is sensitive to light in the red and far red regions of the visible spectrum so light microscopy was ruled out as an investigative method.

Professor Malcolm Wilkins, head of the Botany Department, hit on a novel approach while watching a television news report of bank robbers caught red-handed by infra-red sensitive cameras.

Now Professor Wilkins and his associate, Lisa Gould, are using JVC time-lapse cameras with infra-red sensitive tubes to record the behaviour of their roots.

IR photography is commonplace in natural history work, of course, but Glasgow is combining time lapse, IR of a wavelength which can be shown not to influence plant growth and magnification techniques so that growth of a mere 15 thousandth of a metre shows up on the monitors as an easily measureable 1 mm.

Why plants respond to light and gravity is only slightly better understood today than when Charles Darwin carried out his classic studies last century. The Wilkins and Gould approach may show that crime does pay off—at least, for rubber plants.

Sodium pictures from the reactor core

A MAJOR step forward in monitoring exactly what happens inside the core of a nuclear reactor has been taken by the UK Atomic Energy Authority.

Scientists and engineers working at Dounreay have carried out successful experiments to see through sodium—the liquid metal coolant used in fast reactors.

For the first time pictures have been received from inside Britain's prototype fast reactor at Dounreay.

In common with most molten metals, sodium is opaque. So, until now, it has not been possible to examine any fast reactor component in which it is immersed.

The UKAEA workers have overcome this by using very high frequency sound employing a technique developed by Risley Nuclear Laboratories in Cheshire.

To produce pictures, a 30 ft long tube fitted with ultrasonic pulse-echo equipment is lowered to within inches of the reactor core.

Pulses of high-frequency sound are transmitted through the sodium and the echoes received from the top of the core are then coded and stored in a computer.

The resulting picture can be displayed on a colour television set, with different colours reflecting changes in the nuclear reactor core.

UKAEA says that for the first time scientists have been able to pick out fine details of the core which lies 16 ft below the surface of a sodium pool.

The Authority emphasised that the equipment is still at an early stage of development but it does promise to provide scientists with important information about the behaviour of nuclear reactor cores.

Tracking vertical changes

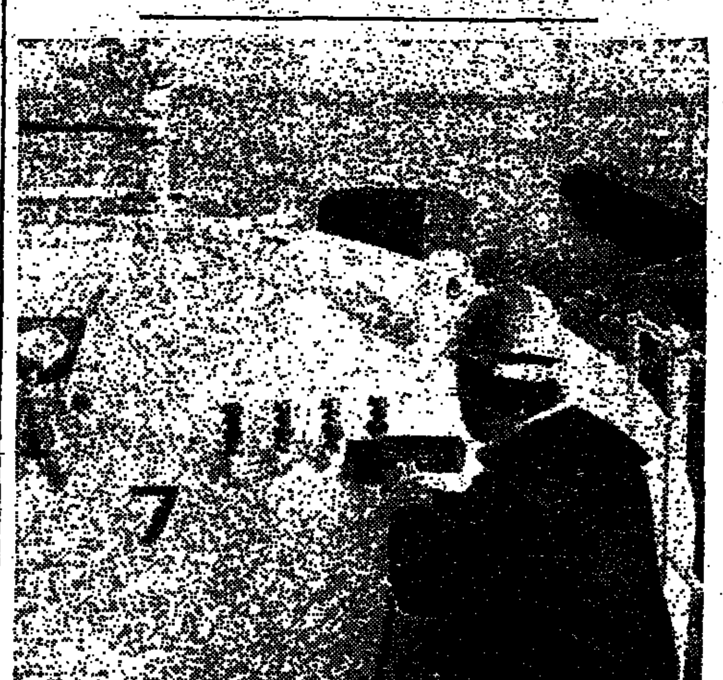
AN INSTRUMENT called Dektak 2 made by Sloan Technology in the U.S. and available in the UK from Ferrox of Botley, Oxford, can track the very small vertical changes in a horizontal surface down to 10 nanometres and up to 65.5 microns.

The resolution of the measurements is said to be one nanometre, which is only a few atomic diameters.

Applications are in such areas as evaporated film surface characteristics, sputtered or chemically deposited films, the dimensional properties of etched patterns and photoresist masks, the flatness of masks, and other profiles such as thick film hybrid circuits.

The machine is instructed via a screen and the results also appear there, or on a printer.

Once the sample is positioned a single key depression lowers a stylus on to the surface and starts the scan. The profile is produced in under one minute. More on 0865 727217.



Easy to use Metaspec for analysing alloys

NO SPECIAL skills are needed to analyse a widerange of ferrous and non-ferrous metals using a robust, portable briefcase-sized equipment put on the market by Specoptic (UK), of Ash Vale, Aldershot, Hants.

Known as Metaspec, the unit employs a hand-held unit which generates are arc between a two point electrode contact and the metal under test.

The light from theare thus generated is analysed to detect the spectral lines of the elements in the alloy. The unit identifies the elements by comparing the recorded factors against data previously stored in its memory. Theresults are displayed and printed within a few seconds.

Up to 150 named alloy compositions are held in the Metaspec memory, and a further 25 can be added by the user. Price ranges from £7,000 to £9,000, depending upon specification. More on 0252 514711.

TELEVISION

BBC 1

6.40-7.55 am Open University (uhf only). 10.15 For Schools, Colleges. 11.40 News After Noon. 1.27 Regional News (except London). 1.30 Heads and Tails. 2.02 For Schools, Colleges. 2.22 Tennis: Stella Artois Grass Court Championships from Queen's Club, London. 3.53 Regional News (except London). 3.55 Play School. 4.20 Dinky Dog. 4.40 Newsround Extra. 4.50 The Adventure Game.

5.40 News.
6.00 Regional News Magazine.
6.25 Nationwide.
7.00 Are You Being Served? Starring Mollie Sugden, John Inman.
7.30 Odd One Out, a contest with Paul Daniels.
8.00 It's A Knockout.
8.50 Points of View.
9.00 News.
9.25 World Cup '82. An analysis of playing conditions and the British preparations.
10.15 Leap in the Dark (London and south-east only).
10.45 News.
10.50 McClain's Law, starring James Arness.
†11.40 The Late Film: "Gaslight."

Chris Dunkley: Tonight's Choice

One of the prices of growing up is the loss of that hair-crawling terror which a really good thriller can induce in the young. I remember the first time I ever came across Patrick Hamilton's play "Gas Light" (set in Victorian Pimlico but written, I am surprised to learn, as late as 1938) being gripped and terrified—and this despite the fact that for its most frightening moments the play depends upon a lighting effect and I was listening to it on the wireless.

In 1939/1940 Thorold Dickinson directed a film version called Gaslight for British National with Anton Walbrook playing the villainous half-mad husband and Diana Wynyard his wife. BBC1 screens it very late. It is, of course, black and white, which is one of its strengths, and it comes from the heyday of the British cinema. Leslie Halliwell, who has for years been chief movie buyer for the ITV network, even lists Gaslight in his unique reference book "The Filmgoer's Companion" as one of his hundred favourite films. I'm not sure I go that far, but it is certainly one of the best things Dickinson ever did and I shall be amazed if anything else on television tonight comes anywhere near it for style and drama.

BBC 2

6.40 Open University.
10.30 Play School.
10.55 Cricket: First Test, England v India.
1.35 pm Cricket and Tennis.
6.40 News.
6.45 The Mystery of Elche.
8.25 Gardeners' World.
8.50 *Playhouse.*
10.20 It's My Pleasure.
10.55 Newsnight.
11.35 Cricket: First Test highlights.

LONDON

9.35 am Schools Programmes. 11.52 The Return of the QE2. 12.30 Sudden Change. 1.00 News plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon Plus presented by Elaine Grand. 2.25 Racing from Sandown Park. 3.50 Wild, Wild World of Animals: "The Golden Eagle." 4.20 Dance Crazy. 4.45 Freetime, with Mick Robertson. 5.15 *Film Fun* with Derek Griffiths.

5.45 News.
6.00 The 6 O'Clock Show with Shaw Taylor, Janet Street-Porter and Fred Housego.
7.00 Winner Takes All with Jimmy Tarbuck.
7.30 Goliath Awaits.
9.00 On the Line.
10.00 News.
10.45 World Cup '82 Preview.
11.45 Dolly starring Dolly Parton.
†12.15 am Rawhide starring Clint Eastwood.
1.15 Sit Up and Listen with Pam Gems.

† Indicates programme in black and white.

All IBA regions as London except at the following times:—

ANGLIA
1.20 pm Anglia News. 3.50 Hands. 6.00 About Anglia. 11.45 Friday Late Film. 1.10 am Metamorphosis.

BORDER
1.20 pm Border News. 3.50 Make Mine Music. 6.00 Lookaround Friday. 6.30 The Real World 11.45 Danger UXB. 12.45 Border News Summary.

CENTRAL
1.20 pm Central News. 4.15 Road Runner. 6.00 Central News. 11.45 Central News. 11.50 Soap. 12.20 am Portrait of a Legend.

CHANNEL
1.20 pm Channel News. 3.50 Survival. 5.15 Emmerdale Farm. 6.00 Channel Report. 6.30 Spiderman. 10.43 Channel Late News. 11.45 Vegas. 12.40 am News in French.

GRAMPIAN
1.20 pm North News. 3.50 Patterns. 6.00 North Tonight. 6.35 World Cup Preview. 11.45 Streets of San Francisco. 12.45 am North Headlines.

GRANADA
1.20 pm Granada Reports. 1.30 Exchange Flags. 6.00 WKRP in Cincinnati. 6.30 Granada Reports. 11.30 There's Nothing to Worry About. 12.00 The Late Film.

HTV
1.20 pm HTV News. 6.00 HTV News. 6.30 So What's Your Problem? 10.53 HTV News. 11.45 The Monte Carlo Show.

HTV Cymru/Wales—As HTV West except 9.50-10.05 pm Mwy Neu Lai. 12.00-12.10 pm Beth Am Stori? 4.20-4.45 Y Gacynen Gymwynasgar 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Outlook.

SCOTTISH
1.20 pm Scottish News. 3.50 The *Flying Kiwi*. 5.15 Private Benjamin. 6.00 Scotland Today. 6.30 World Cup Preview. 10.45 Ways and Means. 11.15 Late Call. 11.20 Thriller: Murder in Mind.

TSW
1.20 TSW News. 3.50 Survival. 5.15 Emmerdale Farm. 6.00 Today South West. 6.30 What's Ahead. 10.47 TSW News. 11.45 Vegas. 12.25 am Postscript.

TVS
1.20 pm TVS News. 3.50 The Cuckoo Waltz. 5.15 Queen Mum. 6.00 Friday Sportshow 11.45 Film: "Revenge." 1.25 am Company.

TYNE TEES
1.20 pm North East News. 3.50 Past Masters. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 *North East News. 10.57 Friday Live.* 12.15 am Superstar Profile. 12.45 Poet's Corner.

ULSTER
1.20 pm Lunchtime. 3.50 Untamed World. 4.18 Ulster News. 5.15 Milestones or Millstones. 5.30 Hear Here. 6.00 Good Evening Ulster. 11.45 Church Report. 12.15 am Witness. 12.30 News.

YORKSHIRE
1.20pm Calendar News. 3.50 Bygones. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Past Masters. 11.45 Mannix.

RADIO

(S) Stereo broadcast when broadcast on VHF

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 5.45 Roundtable. 7.00 Andy Peebles. 10.00 The Friday Rock Show (S).

RADIO 2
5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Take Your Partners (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.00 Roy Castle. 10.30 Alistair Cooke. 11.00 Brian Matthew. 1.00 am Night Owls (S). 2.00 Star Wars (S). 2.27-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Vivaldi (S). 10.00 British and American Music Concert (S). 10.55 Songs and Romances (S). 11.30 Clarinet and Piano Recital (S). 12.10 pm Chicago Symphony Orchestra (S). 1.00 News. 1.05 Chicago Symphony Orchestra (S). 1.45 Bach, Nielsen, and Stravinsky (S). 2.45 Berlin Philharmonic Orchestra (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.30 Music for Guitar (S). 7.00 The Romance of the Rose: The celebrated medieval poem in a modern verse translation (S). 7.30 London Sinfonietta Copland, Hanns Eisler (S). 8.10 A Mozart Pilgrimage: The travel diaries of Vincent and Mary Novello for 1829 (S). 8.30 Concert: Detlev Muller-Siemens, Copland (S). 9.10 The Myth of Central Control. 9.30 BBC Northern Symphony Orchestra (S). 10.00 Schutz Choral Music (S). 11.15-11.18 News.

10.55 am-6.30 pm: First Test, England v India, medium wave only.

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.30 Today. 8.33 Yesterday in Parliament. 9.40 News. 9.05 Desert Island Discs. 9.45 A Sideways Look At . . . by Anthony Smith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Fishing For Hope. William Woollard looks at Lowestoft's fishing industry. 11.48 Bird of the Week: The whitethroat. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 1.00 The World As One. 1.40 The Archers. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 News. 4.02 Norfolk Pastures: An agricultural view from David Richardson. 4.10 Asian Links: Asians in Britain discuss links with their native countries. 4.40 Story Time. 5.00 PM: News Magazine. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 10.00 The World Tonight 10.35 Week Ending (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 John Ebdon with recordings from the BBC Sound Archives. 12.00 News.

FT COMMERCIAL LAW REPORTS

No sale to non-existent Saudi corporation

SAUDI PRINCE

Queen's Bench Division (Admiralty Court): Mr Justice Sheen: May 28 1982

THE OWNER of a ship arrested in connection with an action for damage to cargo on a sister ship, cannot assert that he owns the arrested ship in that he sold it to a company before the date on which the writ in the action was issued, if the company at that date was not yet a legal entity capable of owning property under the law of its country of incorporation.

Applying those principles, Mr Justice Sheen refused to set aside a writ in rem and subsequent proceedings against an arrested ship, the Saudi Prince. The writ was issued by owners of cargo carried on another ship, the Al Dahran, owned by Mr Muhammed Abdul Rahman Orri, in order to invoke the court's Admiralty jurisdiction to hear their claim for damage to cargo carried on the Al Dahran.

* * *

Section 3(4) of the Administration of Justice Act 1956 provides: "In the case of any . . . claim arising in connection with a ship, where the person who would be liable on the claim in an action in personam was, when the cause of action arose, the owner . . . of the ship, the Admiralty jurisdiction of the High Court . . . may . . . be invoked by an action in rem against—(a) that ship . . . or (b) any other ship which, at the time when the action is brought, is beneficially owned [by that person]."

*

HIS LORDSHIP said that Mr Orri was an Arabian businessman who owned a large number of ships. He had two centres of operation, Piraeus and Jeddah. He carried on business through limited liability companies, or by using, quite indiscriminately, one of his registered business names, including Saudi Europe Line (SEL). There was no doubt that Mr Orri selected the names of his various companies and business names for the purpose of obnubilation [obscuration].

In 1976 a cargo of ceramic tiles suffered damage in a ship owned by Mr Orri. The cargo owners claim damages. In August 1979 Saudi Prince came within the court's jurisdiction. It appeared from the Lloyd's Register of Shipping that it was owned by SEL. Accordingly, on August 24 1979, a writ in rem was issued by virtue of section 3(4) of the Administration of Justice Act 1956 and Saudi Prince was arrested.

The owner now sought to have the writ set aside. It was not disputed that in January 1979 Saudi Prince was owned by Mr Orri. However, he asserted that on May 30 1979, before the issue of the writ, ownership had been transferred to Shipping and Sea Transport Co Ltd (SSST), a company incorporated in Jeddah, in which he owned 80 per cent of the shares, and his children 20 per cent.

Mr Howard, for the owner, contended that if that change of ownership was established, it followed that, on the relevant date, Saudi Prince was owned by SSST and not by Mr Orri. He laid emphasis on the complete separation of the legal entity, SSST, and its shareholders.

Mr Saloman, for the cargo-owners, submitted that as a matter of Saudi law, SSST was not a legal entity when the writ was issued, that Mr Orri remained beneficial owner throughout the relevent time, and that even if the property in Saudi Prince had been transferred to SSST, the court should lift the corporate veil, behind which was the face of Mr Orri.

His Lordship was not satisfied, on the basis of Mr Orri's wholly unconvincing evidence, that ownership of Saudi Prince was ever transferred to SSST.

Two questions arose which had to be answered by reference to Saudi law: was SSST lawfully constituted by August 24 1979; and had SSST duly completed the legal registration requirements for a vessel so as to possess complete and indefeasible title by August 24 1979?

After hearing the evidence, his Lordship found that the process of forming a Saudi Arabian limited liability company could be summarised under three headings:

1—Articles of Association of the company must be executed by the parties thereto before a Saudi notary public. Once executed, the articles were recorded by the notary in a special memorandum kept for such purpose at the Ministry of Justice.

2—Following the payment or transfer of capital (either cash or in kind) to the company by the shareholders, the company must apply for and obtain commercial registration in the companies and commercial register at the appropriate branch of the Ministry of Commerce in accordance with the Commercial Register law.

(3) The articles of association, as recorded, must then actually be published in the Official Gazette, a weekly publication which was the official journal of record in the Kingdom of Saudi Arabia.

Publication of the articles of association in the Official Gazette was the moment at which the corporation achieved its legal existence as a separate entity. Before then the corporators might have rights against each other arising out of their agreement to incorporate the company, but the company as such had no legal existence *vis-a-vis* third parties.

Without separate juridical personality, it was theoretically impossible for such entity validly to acquire and hold indefeasible title to property such as a ship, as well as to register ownership of such property in its name.

The articles of association of SSST were published in the Official Gazette on September 25 1979.

It was not necessary to submit a copy of the articles in order to apply for commercial registration. SSST obtained commercial registration on August 8 1979, but that did not excuse it from the requirement that the articles must actually be published in order for it to obtain independent legal personality.

Until the articles had been published in the Official Gazette, SSST was no more than an unincorporated association of members who had agreed to form a company. Accordingly, as at the date of the issue of the writ, SSST was not a corporate entity capable of holding an indefeasible title to Saudi Prince, and SEL was still the beneficial owner.

Even if that were wrong, his Lordship was satisfied on the balance of probabilities, that the children's 20 per cent of the SSST shares were put in their names by Mr Orri himself as his nominees merely to divest himself of shares in name only. He remained beneficial owner of those shares.

On the evidence an investigation into the true beneficial ownership of Saudi Prince could only lead to one answer. Mr Orri was at the material time the true beneficial owner of the ship. The motion and appeal should be dismissed.

For the owner of Saudi Prince: Michael N. Howard (Thomas Cooper and Stibbard).
For the cargo-owners: Timothy Saloman (Ingledews).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

IT IS Foodbrokers race day again at Sandown today.

ITV cameras will be there to televise the Foodbrokers of Esher Handicap as well as well-endowed races for the Alma Confectionery Maiden Stakes and the Tic Tac Sweets Handicap.

Aperitivo and Lester Piggott will be a *popular* choice for many betting on the outcome of the Foodbrokers Handicap.

Aperitivo just got home under Piggott's strongest driving in front of a big evening crowd here last summer. He was back in the winner's enclosure following the Sunley-sponsored Sandown Cup this April. However, since achieving that victory, his second 10-furlong success on the course, Aperitivo has proved something of an unreliable performer. He produced poor efforts at Lingfield and Goodwood, coming on either side of a bold display against Castle Keep in the Clive Graham Stakes.

The Robert Armstrong colt must be respected now that he is back on his favourite course and running over the trip he has found to his liking here. But I would not care to take cramped odds about him disposing of a field which includes Beckhampton's Bettyknowes. She was a tough and consistent handicapper last season and will be ready to show a good return to the fray, judging by recent examples from her stable.

I will not look beyond Golden Green for the afternoon's most valuable event, the Alington Stakes. James Bethell's colt was highly tried as a juvenile on two occasions. He opened his account in impressive style at Bath towards the end of last month when justifying market position in a field of 19 for the Milbourne Stakes. Golden Green needed to be only pushed out gently to lift the Stakes, at the chief expense of Princes Virginia.

Fair Heroine, Navarino Bay's Ayr conqueror, has scared away all but four opponents at today's other meeting at York for the University of York Turf Club Stakes. Eastform can keep the Guy Fawkes Prize in Yorkshire by accounting for the Arundel raider Arago.

SANDOWN
2.00—La Reine Rose*
2.30—Aperitivo
3.05—Atossa
3.35—Guest Speaker
4.10—Golden Green***
4.45—Aniece**

YORK
2.15—Havoc
2.45—Fair Heroine
3.15—Lamlash
3.45—Eastform
4.15—Boukayr
4.45—High Old Time

هكذا من الأصل

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Pilkington seeks a new balance between technology and marketing

BY CRISTOPHER LORENZ

YOGHURT and computers do not feature on Antony Pilkington's shopping list. That makes him the odd man out among Europe's leading glassmakers. He says he and his board "have never even thought half seriously of moving into anything other than glass and allied products." in spite of growing competition in what some people argue is a mature industry. The pressure is coming from all corners of the globe: the United States, Japan and—in third world markets themselves — from developing countries.

"If you are technologically excellent you will maintain your position in your chosen market." says this tall, elegant: slightly retiring 46-year-old. "Glass is not as narrow a field as some people imagine."

At a time of unprecedented depression in his company's home market, his strategy of extensive geographic diversification over the past three years in West Germany, Brazil and Taiwan has certainly helped bolster the group in the short term. The main source of support has been the profitability of Flachglas, the new German subsidiary, whose acquisition two years ago this month immediately increased Pilkington's turnover by a third to over £900m, and has since gone a long way towards offsetting the losses which the British company has been making in its home market.

Controversial

As a long-term proposition, however, Pilkington's strategy is controversial on several counts. Most obviously, it contrasts starkly with the route being followed since the late 1970s by France's St Gobain, which until the Socialists came to power last year had been diversifying, in a frantic manner worthy of the conglomerate-mad 1960s, into microelectronics, office equipment and computers.

Even more extreme has been BSN's complete sale of all its flat glass interests, which has set the seal on its steady transformation from a broadly-based industrial group into a food, drink and bottles enterprise under the banners of Gervais, Danone, Evian, Kronenburg and other familiar brands.

It was the obvious delight with which Pilkington acquired BSN's 62 per cent stake in Flachglas for the princely sum of £141m that rammed home a less evident but equally significant message about the British company's strategy: that this pioneer of high technology has finally accepted that its scientists and engineers cannot hope to maintain the remarkable record of the past 11 years, during which its know-how has earned nearly as much in royalties as the sale of glass itself.

This may seem a perverse decision to make at a time when companies throughout the western world are being counselled to outflank the competitive threat of Japan and the third world by moving out of mature industries and into the provision of high-technology know-how.

But it comes after the commercial failure, or only partial success, of several expensively-developed new Pilkington products, including a high-strength car windscreen and a glass fibre reinforcement for cement.

Few company executives would now admit to having expected these and other technical developments to produce as much royalty revenue — even collectively — as Pilkington's world-beating "float" process for making flat glass has earned each year since the late 1960s. But they were trumpeted noisily in the early 1970s, and their performance has certainly been an increasingly bitter disappointment as the 1984 expiry date for most of the float licences has drawn nearer.

Today's announcement of 1981-82 is expected to report Pilkington's annual results for what will prove a peak level of float royalties: they will soon begin to tail away.

One of the lessons that Pilkington has learned in the past few years is that it is much more difficult to push through a major product innovation, where success depends on acceptance by a myriad of customers, than it is to launch a new manufacturing process, where the innovating company can provide its own initial marketplace. It is also difficult to produce world-beating and radical innovations twice in succession — a trick mastered only by a [fold]voured few, such as Kodak [fold]d IBM.

It is [fold]inst this background that, wi[fold]n the confines of his St Helens headquarters, on the fringe of Merseyside, Antony Pilkington has been heard to profess: "[fold] don't understand technology."

In an or[fold]nisation where, in contrast with the British norm, technical kn[fold]ledge commands as much resp[fold]t at all levels of management [fold] in the best German, Swe[fold]h or Japanese company, he [fold]uld hate to be taken literally. He is merely underlining th[fold] under his leadership, Pilk[fold]ton Brothers "is shifting [fold]me of its emphasis from [fold]chnology to the marketplace," [fold] the words of someone particularly close to the company.

This does not mean that technology will be thr[fold]n out of the window: the [fold]up continues to spend heav[fold] on improving the quality [fold]d cost-effectiveness of glass [fold]anufacture, and also has hi[fold] hopes for various new prod[fold]t developments: for exam[fold], its new "Kappafloat" ins[fold]ating glass, its optical fibres, a[fold] products which use lasers for [fold]edical treatment. And the [fold]quisition of Flachglas itself [fold]kes Pilkington further into [fold]er glass coatings and h[fold]-technology insulating glass[fold] plus plastics.†

But with his many years [fold] experience on the marketin[fold] side of the business, Antony Pilkington certainly sees the company as being rather less technologically-driven than did his predecessor, Sir Alastair Pilkington, who retired in 1980 after a brilliant engineering career which had included leadership of the team which developed the float process.

"I agree with the chairman that we haven't been good enough at our marketing," says Dr Dennis Oliver, the board member responsible for research and development. "We must become number one in marketing, as we are in technology."

By the time Sir Alastair took over the chairmanship in 1973, Pilkington had already begun diversifying rapidly, both into new geographic markets and into new products.

Geographically, the company had been moving into flat glass manufacture in a wide range of new territories, mostly in the British Empire but also in Sweden and Venezuela.

Within the flat glass business, its product diversification was taking it into tinted windows, light sensitive panes, and various types of insulating glass. But home market sales had been dampened—and have continued to be—by a relatively unadventurous construction industry and a decidedly half-hearted government policy on energy conservation. These products have enjoyed much greater success on the Scandinavian market, which was one of the reasons why Pilkington set up a new plant in Sweden in the late 1970s: similar products also sell extremely well in Germany—a good quarter of Flachglas's business is in insulating glass, for instance.

Constrained

In all other respects, Pilkington has always been constrained from diversification within the UK flat glass market by its dominant position. Until a flood of imports sapped its market share to little over two-thirds in 1980 and 1981, it had maintained its traditional hold of over 80 per cent. As a result, it felt unable to seize the biggest single diversification opportunity which its flat glass business theoretically offered: a move deep into processing, including window manufacture. Any such move would still run up against monopoly controls.

Only about 20 per cent of the [fold]utput of its five UK float glass [fold]ants goes to other parts of the [fold]mpany for processing, with [fold] Triplex motor vehicle safety g[fold]ss subsidiary the major c[fold]tomer. So four-fifths is sold o[fold] the open market. By contra[fold] over half the Flachglas production is processed in-hou[fold] and other continental ma[fold]s share a similar pattern, than[fold] to their past ability to integ[fold]te forward into glass products [fold]t the expense of their own [fold]rchant customers.

In [fold]his situation, most of Pilkin[fold]on's product diversification h[fold] had to take place outside fl[fold]glass itself—outside its basic b[fold]iness, in other words, with all the risks that this entails.

In the 1950s and 1960s, many of the moves were opportunistic, such as shortlived forays into tableware and test tubes.

Since then, however, most of the moves have been underpinned by a logical strategy.

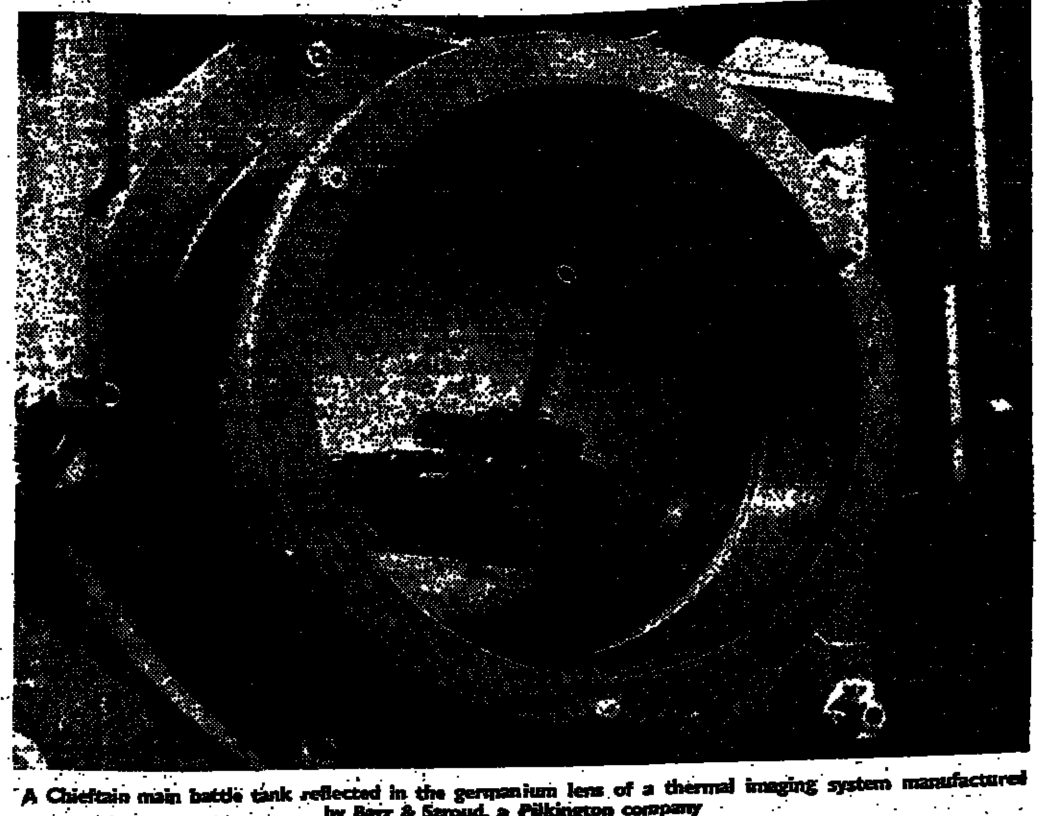
The expensively developed Ten-Twenty car windscreen fell in the wake of the energy crisis at the double hurdle of a decimated domestic motor industry and tough Continental competition with alternative products (from Flachglas in particular). The development work has, however, given Pilkington "an enormous depth of knowledge" about the key technology of toughening thin glass, says Dr Oliver.

Apart from that, product diversification has been concentrated in two main areas: glass fibre and optical products. The latter is now thought to be the fastest-growing part of Pilkington's business.

In glass fibre, where the insulation business has recently been hit by changes in government subsidies for energy conservation, most of the development has been internal. The main project has been Cemfil, which is now taking off belatedly in direct sales as a construction cladding material — especially as a replacement for asbestos—but which has generated little royalty income. There is also a new range of fibre-reinforced plastic for use in the motor industry.

Together with continued work on refining glass production — particularly on energy-saving — the sort of long-cycle developments now under way in Pilkington's electro-optical division (see inset) provide a continued "technology push" to augment the company's new emphasis on marketing. But Pilkington's days as one of the world's leading licensors of technological know-how are coming to an end, for the moment at least. Its new emphasis is on making a direct match between products and markets.

† A three-part examination of the post-takeover integration process between Pilkington and Flachglas was published on March 12, 15 and 19.



A Chieftain main battle tank reflected in the germanium lens of a thermal imaging system manufactured by Barr & Stroud, a Pilkington company

An eye on the long-term future

PILKINGTON'S long-established optical equipment business, under the "Chance" name, was initially expanded by joint ventures and internal developments. One of the most costly was the manufacture of TV tubes: after only seven years of life an £11m operation had to be closed in 1975 in the face of surging Japanese imports amid a domestic recession.

The development of sunlight-sensitive "Reactolite" spectacles has been more successful—notably in Japan —though this is a highly competitive marketplace and the business is not large by Pilkington standards.

Since the mid-1970s, the main diversification thrust of the optical business has been on the acquisition of technology-strong "downstream" businesses; unlike many other proud technology companies, Pilkington seems able to surmount the notorious psychological barrier of "not invented here," at least outside the float process itself.

Two of the key purchases were made in 1977 and 1978, respectively Barr and Stroud, a UK maker of periscopes and other precision defence products, and SOLA, an Australian-based maker of plastic ophthalmic lenses.

A central plank of the original strategy collapsed in 1977 when a bid for UK Optical, the dominant British supplier of spectacle frames and glass lenses, was blocked by the Monopolies Commission. But this failure may turn out to have a silver lining, since an unexpectedly sharp rise in consumer demand for plastic lenses has since hit UKO hard—to the benefit, among others, of SOLA. Within the past two years Pilkington has also established a link with an American contact lens company.

Such has been the growth of the optical business in the past few years that it has just been decided to split it into two divisions, ophthalmic and electro-optical; in 1980-81 each is thought to have had revenues of over £30m.

Electro-optics, which reports to Dr Oliver, expanded by over a third in 1981-82, and it will grow fast this year as well, he forecasts. This owes something to several more acquisitions, but is also attributable to the coming-good of a whole range of military and commercial products.

Pilkington also has good hopes for optical fibres designed particularly for use over short distances. This technology was developed internally on the basis of an American academic invention, and takes Pilkington into a different market segment than the world's majors in optical fibres, Corning, Western Electric, and the Japanese, though it could still face strong competition from British Telecom among others. But together with associated terminals and equipment, optical fibres could just become a big business for Pilkington, though like Cemfil it is a high risk one.

The company first began work on fibre optics 15 years ago. "That's as far ahead as you have to start with new technology," stresses Dr Oliver. He points out that Pilkington is still just as prepared to commit itself to equally long-cycle developments, such as "integrated optics" (which may provide an optical replacement for silicon chips, though the electronics industry is understandably sceptical). "Bread on the water for 1995," is how Dr Oliver describes this spending. Waiting is the name of the game in high technology.

THE ARTS

Cinema

Nigel Andrews

A Brueghel with bravura

Once Upon A Time In The West (AA) Empire
Making Love (X) Classics Haymarket and Chelsea, Odeons Kensington and Swiss Cottage, Studio Oxford Street
Tomorrow's Warrior (AA) Gate Camden

Charles Bronson and Henry Fonda in 'Once upon a time in the West'

Sergio Leone's *Once Upon A Time In the West*, a great sun-baked spaghetti Western, unfurls its wide-screen splendour on a return visit to the West End. Hollow-eyed hermits of the video-cassette age should catapult themselves *forth from* their sitting rooms to see what may well be its last full-screen appearance in a commercial cinema.

The movie isn't obtainable on video yet. But woe rather than rejoicing when it is. For this is one film in which lopped edges will be a tragic mutilation. Leone fills the Cinemascope ratio—nearly thrice as long as high—with panoramas and human frescoes as thrilling as a Brueghel painting. Each corner bursts and bristles with detail or sweeps the eye into an eloquent vastness. No director in the world today has handled the wide screen with more bravura.

Italian Westerns were profusely pilloried by the Press on their first appearance. But the public, this time knowing better, flocked in droves; and Leone, having shaken cash-registers worldwide with the Clint Eastwood "Dollar" trilogy, next engendered this rich and brilliantly convoluted 160-minute epic, based on a story conceived by himself and Bernardo Bertolucci and Dario Argento (of *Suspiria*).

It's an Italian-American horse opera for five principal voices. (All, fear not, speak English in this version). Henry Fonda villianises in liquid-voiced rasp as the hit-man for a railway company pushing West. Gabriele Ferzeti is the hoarse and bone-diseased railway boss, clanking through his private railcar in neck-vice and on crutches. Claudia Cardinale moues and mezzo-sopranos as the widow of a brutally murdered farmer whose land stood in the rail company's way. Charles Bronson lends his gravelly bass-baritone and speak-your-weight chords to "Harmonica," a mystery gunman hunting Fonda in pursuance of an old grudge. And Jason Robards growls through wild-and-woolly face-fungus as "Cheyenne," the outlaw who woos Signorina C. and helps Bronson fight the baddies.

Scored by *Ennio Morricone*—Italy's one-man film music industry—for alternating desert silences and sudden scorched *sforzandos* of string and percussion, the movie is almost dementedly stylised. Squalls of ritualistic Western action—the gunning-down of Cardinale's family, an ambush on a train, the climax gunfight between Fonda and Bronson—explode in eyeblink editing; while in-between Leone rakes his wondrous wide-angle lenses slowly across the burnished majesty of Monument Valley (never better used even by John Ford) or the bronzed and porous splendour of giant close-ups of his stars.

Laconic emblematic dialogue purls forth. (Robarts to Ferzeti: "You leave a slime behind you, like a snail. Two shiny rails.") There are doses of resplendent and heady symbolism. (Smoking guns and steaming trains are visually rhymed: the rail-boss's name is "Morton"—which to Italian ears instantly rings as "death".) And the dual choreography of character-movement and camera-movement is so ornate and fugal—circling dolly-shots whose queazy physicality is exaggerated by subtly revolving the actor as well—that you can hardly watch the movie without holding onto your seat and your sense of equilibruim. Seize on the film's brief return season at the Empire to sample a great Western in its full wall-to-wall splendour.

★

Making Love could slip into the cosy context of video-viewing without losing a molecule of impact. Clip its screen edges and you would merely lose a peripheral vase, a superfluous sofa, an otiose ottoman, as the human furniture stays firmly marooned in middle-screen spouting middle-of-the-road Hollywood wisdom.

Arthur (*Love Story*) Hiller directed this hygienic tale of homophile love between a young maried doctor (Michael Ontkean) and a young gay novelist (Harry Hamlin). It spools forth in an unmistakable soap-opera world of immaculately-hoovered carpets and immaculately-shampooed emotions: somewhere in Los Angeles *et environs*. Ontkean's wife, played by Kate Jackson with a fiery forwardness that looks for a moment as if it will capsize the film, is the only principal character you believe in. But she is safely ball-and-chained to her own home for most of the movie, apart from some flamboyantly demented sorties into her "career" world as an idealistic TV executive.

Elsewhere Hamlin the tempter and Ontkean the temptee annex the screen performing their meeting, courting and mating rituals—all as chaste as toothpaste up to (and including) the first mouth-to-mouth kiss—and Barry Sandler's script goes about its business of exchanging the foolish stereotypes of gay life hitherto enshrined in popular cinema for foolish stereotypes all his very own.

The supporting cast bravely waves and then bodly squanders Arthur Hill (as Jackson's Dad) and Wendy Hiller, the purpose of whose role as an old chum of the Ontkeans, forever woofling fond memories through roast-chestnut cheeks, entirely eluded me. If this film ushers in a new age of tolerance and understanding for homosexuality, then all power to its box-office elbows. But it would be sad to think that it takes such smallest-common-denominator sentimentalism and re-stereotyping to effect volt-coeur miracles in public opinion.

★

Michael Papas's *Tomorrow's Warrior*, a rallying-cry to Greek patriotism in war-torn Cyprus, has more forceful methods of persuading you to its viewpoint. To wit: it engages you in an audio-visual half-Nelson and practically twists your arm off.

If *Once Upon A Time In The West* was a well-seasoned Spaghetti Western garlicked with invention, this is a *moussaka* melodrama heavily sprinkled with Partisan cheese. Papas follows the fugitive fortunes of a Greek family high-tailing from their North Cypriot village in just-ahead-of-the-enemy advance of the thundering Turkish forces.

Pursued by shells and bullets and explosions, the family is also harassed by a vicious small-arms bombardment of zooms and panning-shots and jump-cuts, interspersed with pauses for didactic dialogue and wads of patriotic rhetoric.

The number of hairsbreadth 'scapes endured by the consanguineous group make the Road Runner (of cartoon fame) seem slow-footed and fallible. The only Greek character who is more than a mouthpiece for propaganda on two fast legs is the Grandfather, a painter of beautiful naive paintings. And since he is lost to us early on—mortally bonked on the head by a rifle—all we are left with is two hours of Hellenic scampering and speechifying in a film that comes perilously close to enlisting new and enthusiastic recruits for the Turkish army.

★

The National Film Theatre is always a haven of sanity in such stressful times. Three concurrent seasons, addressing themselves to far-flung climes, now hold sway. Sri Lanka's Lester James Peries, a fine teller of humanist tales dunked in exotic melancholy, is honoured with a full retrospective. *Visions of India* hurls a month of many-coloured movie hallucinations of the Subcontinent at us, encompassing such diverse fair as *Gunga Din*, *Black Narcissus*, *Stranglers of Bombay* and *Carry On Up the Khyber*. And Australian cinema un-coffers a decade of riches, including the best of Peter Weir (*Picnic at Hanging Rock*), George Miller (*Mad Max*) and Fred Schepisi (*The Devil's Playground*, *The Chant of Jimmie Blacksmith*).

Rainer Fassbinder

The news of Rainer Werner Fassbinder's death marks the end not so much of a film-maker as of a cinematic phenomenon: a combined industry and force-of-nature who had completed over 30 feature films by the tender age of 36 at which he died.

"Tender" is not an epithet that rolls easily off the tongue with Fassbinder. In public he was a swaggerer and a bully. His undoubted motto at film festivals was "*epater le bourgeoisie*" and especially "*la Presse*." But as an innovative and formula-overturning director he had no equal in present-day cinema. Recently approached by the magazine Sight and Sound to submit my Ten Best Films of All Time for an international poll, I had already earmarked *Lola* as one of the list.

Fassbinder's daring as an image-maker — with colour, lighting and the most imaginative frame-compositions since *Citizen Kane*—will be cruelly missed. So will his superb belligerence as a social critic, combining comedy and melodrama in his films with brilliant anatomisations of postwar European society.

He is one of the few movie luminaries for whom one doesn't have to dig deep to find ready superlatives in the wake of his death. Nor to find a genuine sense of pain at the loss of a great and irreplaceable cinematic talent.

Henry IV/Barbican Theatre

Michael Coveney

RSC opens in new London Auditorium

One thing's for sure: everyone is going to have to find his own way in and around, up and down, the Barbican Centre. Our music critics have already cracked it, but on my third visit to attend the RSC's official baptism of the theatre yesterday, I felt for much of the evening in sore need of a map, compass and spirit level. Nor would I have said no to a guide dog.

The visitor is greeted by acres of orange carpet, more instructional arrows than in an airport terminal, endless queues in the buffet areas, odd unpopulated corners, and a strangely listless army of cleaners, coffee vendors and security guards.

Once safely esconced in the theatre, however, everything changes. "This jewel set in a concrete sea," as Trevor Nunn describes it, is probably the last, and possibly the best, manifestation of the great theatre design surge of the early 1960s. Sir Peter Hall and John Bury were in on the early stages of planning now carried to a triumphant conclusion.

The great rows of uninterrupted seating spread out from the stage in an eloquent fan shape. The auditorium is distinctly and happily shallow, giving an impression of both intimacy and airiness. Three thin balconies hug the rear wall (people who sat up there reported enthusiastically to me in the intervals) and, despite the dark colour scheme, there is no sense of oppressiveness. Sight lines are excellent, acoustics, on the evidence at least of *Henry IV*, near perfect. The capacity is about 1,100, the same as in the Olivier.

No scenery was flown on the stage, which is an airy yet not impersonal cavern. John Napier's design, reminiscent of his work on *Nicholas Nickleby*, is a magnificent folly of balconies, gangways, rotting beams and rusting armour. It is arranged on three huge trucks, hydraulically operated, that can be cleared for battle scenes, lined up and populated like a medieval frieze for the tavern episodes and, most stunning of all, transformed into the streets of London for Prince Hal's coronation procession.

Throughout the "civil buffeting," we watch a young man wrestling with various father figures and his own impulses. I have no hesitation in pronouncing Gerard Murphy's performance as Hal, "a good sweet honey lord," one of the most exciting and original at the RSC since David Warner's Hamlet. He enjoys Falstaff's company but treats it with sardonic detachment; he cowers like a terrified schoolboy in interview with his critical father; he learns to respect the law by scorning its officers.

In Part 1, Timothy Dalton's tearfully petulant Hotspur forms both a contrast and interesting complement to Hal. Their fight at Shrewsbury is the exhausted combat of blood brothers. As in all the confrontations in these plays, it is characterised by the generous recognition of an opponent's reputation and worth.

Joss Ackland gives a steady but unsurprising reading of Falstaff, Robert Lloyd an inspirationally humourless one of Glendower. Robert Eddison dithers his way into our affections as Shallow in Part 2, Patrick Stewart is a sonorous King Henry, his deathbed scene with Hal the emotional climax of the entire show.

It is all bathed in exquisite lighting by David Hersey and a memorable anthem (giving equal weight to the religious and military themes) by Guy Woolfenden. Trevor Nunn knits all the elements together in a series of wonderfully staged scenes in which pageant is continuously undercut by melancholic reflections on the human gestures it celebrates.

Suzuki Tour Group/Barbican Hall

Andrew Clements

The All-Japan Suzuki Tour Group first visited Britain in 1968, bringing the new gospel of its violin teaching method as developed by Shinichi Suzuki. On that tour, and two subsequent ones, the Suzuki Method was firmly established here and Suzuki groups began springing up around Britain, even if at times their relation to the true philosophy of the system was tenuous. Since then however, the Tour Group has not visited Europe and the memory of the results that an authentic group and teaching method can achieve has dimmed.

On Wednesday the Tour Group came back to the Barbican Hall, and to an audience at least 50 per cent children, most of them, no doubt, Suzuki players themselves. Eight violinists and two pianists took part, ranging in age between 8 and 13. The performances—of classical sonata movements, Kreisler arrangements, pieces for the massed band of violins—immediately laid to rest the myth that the Suzuki method, with its emphasis on memorising the music, leads only to mechanical playing, to mere technical excellence.

Enormous proficiency there certainly was: the first movement of Bach's Italian Concerto rattled off with technical problems completely mastered by an eight-year-old, the violin ensemble whisking through the last movement of the Mendelssohn violin concerto in unison, immaculate chording in some Kreisler lollipops by pre-teenagers. But there was great life and enjoyment in the children's playing, for all the carefully drilled bows and regimented playing positions.

Three solo performers should be singled out. Kumiko Sekjima (aged nine) for a sturdy performance of the first movement of Mozart's piano sonata K.310, finding a good depth of robust tone; Kinuko Komori (the same age) for Kreisler's arrangement of Tartini's Corelli Variations, with hair-raising cross-strings bowing; most of all perhaps the 13-year-old Yuka Eguchi for a enormously warm-hearted account of the last movement of Sibelius's violin concerto, with the harmonies passage hit clear and true. The Suzuki leaders claim that the group contains no prodigies, but some of these, surely, will go far indeed.

Paris Opera Ballets/Theatre des Champs Elysees

Clement Crisp

The Ballet of the Paris Opera is currently maintaining a double season in Paris, playing at its home theatre and also at the Champs Elysees. I saw the programme in the latter house last week; it can be conveniently classified as American in that it comprises works by Paul Taylor, Glen Tetley, Balanchine, and the Singapore-born Choo San Goh who works with the Washington Ballet. The willingness of the Opéra directorate and artists to try different styles, from Grigorovich to Cunningham, from Petipa to Petit, is admirable, and the artists at the Champs Elysées make a commendable shot at the differing dance manners of their quadruple bill.

Of greatest interest, as I have often commented in the past, is the dancing of Jean Guizerix, here seen in Taylor's *Aurole* and Tetley's *Voluntaries*. Prossessor of a magnificent, assured technique, Guizerix' artistry is such that he commands our belief in his every role, and his range extends from the Man in MacMillan's *Song of the Earth* (in which I thought him the best interpreter I had seen) to his Grigorovich's *Romeo*. He is one of those rare artists able to establish a climate of feeling in his dancing which pervades the surrounding choreography, without stress or effort. His temperament can seem "dark" or tragic, but in *Aurole* he proved a worthy inheritor of spirit. Among his four companions I thought that Charles Jude and Francoise Legrée best managed the gentle, courteously bounding style of the choreography in this shining, civilised little masterpiece.

As the central man in *Voluntaries* Guizerix provided the strong heart of the piece—technically through prodigious dancing, with pirouettes seeming twice as fast as possible and with leaps which devoured the air; emotionally through the concentration and maturity of his presence. By his side Elizabeth Platel was younger, purer in line than any other major interpreter of the ballerina role. Dancing of unfailing beauty, her vulnerability of manner, both stressed the burning focus of Guizerix' interpretation. The surges of Tetley's choreography looked well on the Champs Elysées stage and on the refined elegance of the Opéra dancers' style.

My sympathies were with Claude de Vulpian who had to assume Suzanne Farrell's created role in *Tzigane*. This is Balanchine's realisation of Ravel's homage to gypsy fiddling, full of what seems like kitsch and then suddenly becomes serious; it is half-mocking, maybe, but with Miss Farrell it is hypnotically fascinating because of the dramas Balanchine derives from the twists and flauntings of the ballerina's body. Mlle de Vulpian did well, but hers was an interpretation outside the music rather than part of it (which is Miss Farrell's genius): a brave attempt at the impossible.

The other work in the programme, Choo Can Goh's *Leitmotiv*, looked like a not very brave attempt as a ballet. Steps scuttled desperately in pursuit of Rakhmaninov's Paganini Variations, and there seemed a belief that by tacking arbitrary gesture or predictable enchainements on to a musical phrase, choreography would result. I do not believe this to be so. Ten dancers, glumly garbed in black-currant-sorbet leotards by Carol Garner, mooned and bustled about in hermetic incidents which had the musical and choreographic profundity of a calisthetics class. Enter, half-way through, Ghislaine Thesmar in blue and a state of anguish. Her manner implied that for unfathoomable reasons she had invited all these ghastlly people to dinner. She finds Michael Denard. The stage fills with smoke which smelt from my stalls seat as if the cast had set up a barbecue

Mlle Thesmar and M Denard mope. So do the rest of the cast, but with less determination.

Layers/ICA

Rosalind Carne

Three men in one bed should intrigue the most jaded London audience and the unusual melange makes a promising start to this pleasing new musical. "How did I get into this?" croon Andy, Paul and Ken. Cruising, of course. Andy picks up Paul, brings him home and finds himself sharing his delectable catch with his live-in lover. The show carries on in a similar vein, highlighting the joys and dangers of sexual freedom with a light, ironic touch.

Alan Pope wrote book and lyrics and the dialogue is sufficiently lifelike to become occasionally laborious. Continual conversations about who sleeps with whom, and how they feel about it, grow somewhat claustrophic, especially as we never move out of the exceptionally tidy, though stylish, bedroom designed by Amanda Fisk. But what might have been an exercise in navel scrutiny (not to mention smooth chests and well-shaped buttocks) becomes a veritablye treat thanks to Alex Harding's music.

He plays piano and synthesiser and is assisted, in some wonderfully varied arrangements, by Adrien Cook on guitar. The mood ranges between a bright, jazzy number on the importance of friendship to the soppiest ballad. Michael Cashman as Andy is not only an intelligent, imaginative actor, but a strong singer, and he strikes a universally recognisable emotional chord in his warm rendering of "Before He Came Along." Lyrics throughout are more powerful than the spoken word.

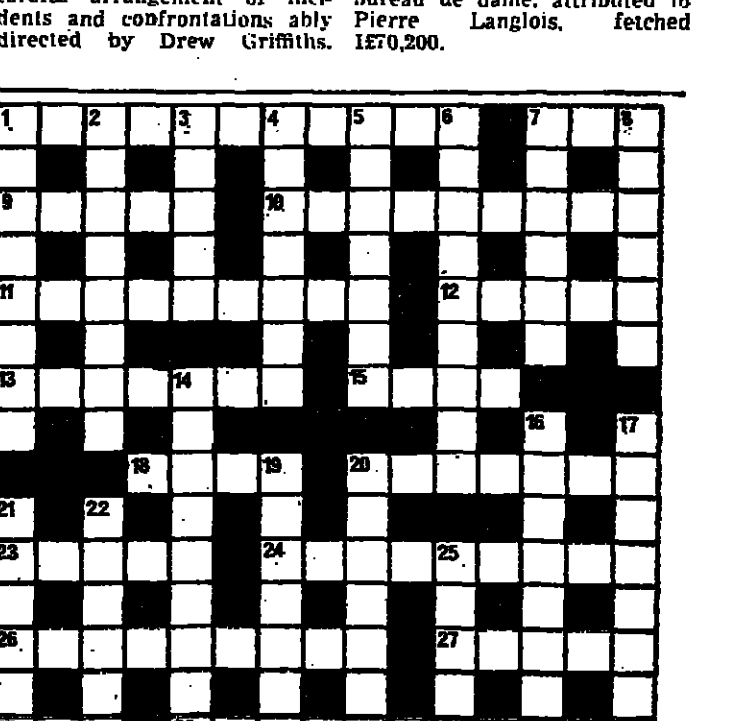
Despite the presumably limited appeal of gay troilism, or even gay orgies, the overwhelming sense is one of ordinariness. These are situations that occur to all of us. As Ken and Andy lie in bed talking about their staggering six year relationship, I knew I had heard it all before, but that made it no less significant.

What makes it theatre is the careful arrangement of incidents and confrontations ably directed by Drew Griffiths. Moreover there is a subtextual sense of the terrors of the meat-market outside and the sweetness of home. If you are going to play super-stud, you need someone to come back to. Camp gender role-playing are happily absent; winners become losers and losers become winners. Male homosexual love is portrayed as a peculiar blend of romance, Body-worship and cosy domesticity.

Saleroom

Richard Green, the London dealer, paid I£70,2000 for a pair of views of Rome by Gaspar van Wittel at the Adare Manor, Limerick, house sale which totalled I£875,732 after three sessions. A Canaletto view of the Doge's Place in Venice made I£22,680 while among the furniture a George III marquetry bureau de dame, attributed to Pierre Langlois, fetched I£70,200.

F.T. CROSSWORD PUZZLE No. 4,894



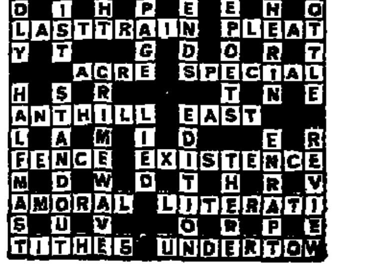
ACROSS

1 Bed one flower and a shrub (11)
7 and 28 At this point, she colloquially goes to dine (6)
9 Wide second-class thoroughfare (5)
10 Slow, sad song with accent from "Amethyst" (4, 5)
11 The later consequences of a second crop (9)
12 Creditor takes fish in basket (5)
13 Passionate incentive from the east (7)
15 Perform or entrance (4)
18 Wine put in a stirrup-cup (4)
20 Release record before time (7)
23 Jacket I obtained from American racoon (5)
24 Replace very good mixed seed (9)
26 Depart for a vacation (4, 5)
27 Left in ship to swell up (5)
28 See 7 Across
29 Stag hunter in his cover (11)

DOWN

1 Steals vegetables (8)
2 Walked around a rabble holding angling equipment (5-3)
3 The smell of cooking from chicken I'd ordered (5)
4 A doctor's star performer giving ill-luck (4-3)
5 Mad, but sympathetic (7)
6 Member of alleged secret society got up peevish (4-5)
7 One who catches a Dutch vessel (6)
8 A narrow lane with the Spanish in control (6)
14 Imbued by static edition (9)
16 Possess a tuft of hair—it should protect the neck (8)
17 Vex troublesome person in ale (8)
19 Admit into country (7)
20 Dishearten some French newspapers (7)
21 She accepts a spiteful woman to scorch with invective (6)
22 Wager about question in 12 (6)
25 Apply friction to one article to make madder (5)

Solution to Puzzle No. 4,893



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Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

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Show of unity at Nato

THE SUMMIT meeting of Nato in Bonn has provided a much-needed demonstration of the will to unity within the alliance. Differences within it have become commonplace, but the members' intention to bridge them is crucial.

By including a commitment to "genuine" detente in their communique, the heads of government allowed both for American doubts and for German belief in detente. Uncertainties will remain about what makes detente "genuine," but at least the concept has not merely been given decent burial. For the Reagan Administration that is a considerable move from the hard line it pursued in its early months.

This welcome evolution in Washington's thinking is also shown by President Reagan's reaffirmations in Europe of his belief in arms control: he has stuck to his proposals for the "zero" option to banish the new intermediate range tactical nuclear weapons from Europe; he has repeated his wish to negotiate a reduction of strategic weapons in both the U.S. and the Soviet arsenal; and he has made proposals to breathe life into the talks for a reduction of conventional forces. Inevitably all of these proposals have a propaganda element, but they do point in the right direction.

They show an awareness both of the sensitivities of a Europe which would be in danger of being wiped out in a nuclear exchange and of the political pressures, particularly on the West German Government, exerted by the peace movement.

France continues to stand aside from integrated Nato defence in Europe, but the Bonn summit was notable for the warmth with which M Pierre Mauroy, the French Prime Minister, spoke of the need for a U.S. presence in Europe. For his part, President Reagan sought to reassure those who are afraid that other worldwide commitments may cause the U.S. to withdraw forces from Europe. But he also said that the European allies must do their bit by carrying a fair share of the burden of joint defence.

The agreement in Bonn that Nato would consult in case of flare-ups outside the treaty area—say in the Gulf—should be a matter of course among allies. Implicit in it is the wariness of at least some Europeans of being dragged into any possible U.S. intervention in such areas. But the Europeans did subscribe to Nato's willingness to give help to countries not in the alliance if western security is at stake.

Psychologically it is important that, despite misgivings among some of the Continental powers, Britain was not criticised for diverting warships from the North Atlantic to the Falklands.

Summit meetings are by nature staged events. Bonn was no exception. That should not obscure the fact that the allies showed that they have more to unite than to divide them. The learning process in Washington is palpable: the Reagan Administration is learning to appreciate the sensitivities and special interests of its European allies.

It is up to the Europeans to live up to that by resisting the temptation, for financial or other reasons, to allow the defensive potential of Nato, especially in the conventional field, to decline relative to the potential danger from the East.

Britain's record on trade

THE IDEA that Britain is becoming more protectionist is "pure myth" according to Britain's Trade Minister Mr Peter Rees in a speech at Wilton Park this week. Perhaps somebody should tell the textile producers of Hong Kong, whose trade representatives at the current bilateral negotiations in Brussels under the Multi-Fibre Arrangement (MFA) were threatening yesterday to go home in disgust. There is a widespread belief among developing countries that Britain is partly responsible for the Community's hawkish stand on textiles. Can Mr Rees really be on firm ground?

Admittedly the MFA is unusual. It remains the only instance where the agreed rules of the post-war international trading system, including the all-important non-discrimination principle, have been formally set aside for an extended period. But it is nonetheless a crucial factor in Britain's multilateral relations with several developing countries where important interests other than textiles are at stake.

Concern in Hong Kong and elsewhere at the Community's tough stance on textiles is understandable. Textiles and clothing represent more than 40 per cent of the Crown Colony's exports and the 12 per cent cut in the volume of sales that Brussels is trying to negotiate would put numerous firms out of business when access to other world markets is becoming increasingly difficult.

Significantly Mr Rees did not embark on a lengthy defence of Britain's position in the MFA. What he did say was that the proportion of duty-free manufactured imports into Britain rose from less than a third in 1960 to nearly 80 per cent in 1980. And he attacked the claim in a recent study of non-tariff restraints by the National Institute of Economic and Social Research that nearly half Britain's imports were subject to non-tariff restraints in 1980, saying that the Department of Trade's own research suggested a figure of less than 10 per cent.

Since the rise in Britain's duty-free imports from 1960 has been heavily influenced by Britain's entry into the EEC, the developing countries may take more convincing. As for non-tariff restraints, Mr Rees's figures should be disseminated widely.

A clear warning was delivered by the Indonesians in 1980 when they boycotted British goods in response to a tough British negotiating position within the MFA. In order to protect parts of the textile industry from an insignificant level of imports, the Government jeopardised substantial exports of more sophisticated goods and equipment.

Britain's record is not all black. And governments have to mitigate the social cost of structural adjustments. But for how long? The MFA has its origins in the Long-Term Arrangement on Cotton Textiles that began way back in 1962. There is a strong, though politically-difficult, case for a well-publicised British shift towards the doves in the MFA camp. Then Mr Rees's case would look more plausible.

Merger control

IT IS beginning to look as though conglomerate mergers may cease to be a matter of burning concern to the British competition authorities. If so, this would be welcome. Yesterday the Monopolies Commission cleared the bid by BTR, a large diversified group, for Serck, a manufacturer of valves and other components. Although there is a product overlap between Serck and a BTR subsidiary, the conglomerate nature of the bid was one of the factors that provoked the reference to the commission.

In the light of the earlier clearances given to the mergers between GEC and Averys and between Blue Circle and Armitage Shanks, the commission appears to be signalling a green light for conglomerate bids. It is true that the commission is not famous for consistency. Other reports, notably on Lonrho/House of Fraser, point in a different direction. But the recent record is sufficiently clear to discourage the Government from referring future conglomerate mergers to the commission unless there are some special factors (often of a quasi-political nature) involved.

This should mean that the authorities will concentrate more attention on horizontal mergers which are likely to reduce competition in particular industries. In studying conglomerate deals the Monopolies Commission has had to assume the role of management consultant, assessing the compatibility and quality of two management teams and forecasting the commercial consequences of a merger. Investigations of this sort are highly subjective; they are not commission's strong suit.

On the whole it is better for the success or failure of conglomerate mergers to be determined in the market place. It may be that governments want for social or economic reasons to curb the process of industrial concentration in which conglomerate mergers play a part—although it is not certain whether concentration represents a serious problem in a relatively open economy like that of the UK. But if that is a policy objective, it should probably be pursued through changes in the tax arrangements which penalise the distribution of surplus cash to shareholders and encourage managers to expand their empires.

THIRD WORLD DEBT

The IMF toughens its brief

By Nicholas Colchester, Foreign Editor

"WHY SHOULD Mexico turn to the IMF?" a senior Government official asked rhetorically in Mexico City last week. "Our IMF quota is SDR 800m ($900m). So what could we borrow? $2bn or $3bn spread out over three years? $2bn is what we need to borrow each month this year to meet our gross borrowing needs of $25bn. Politically the IMF remains taboo in this country and it is not worth the political pain of explaining an approach to it for one month's money."

Mexico, like Brazil two years ago, is an extreme example of a developing country facing a cash crunch larger than anything seen before in the world's financial markets. It is not typical, yet it does show up rather dramatically how the IMF's resources must bear some relation to the magnitude of the world's financial disparities if it is to play its part in correcting them.

Jacques de Larosière, the managing director of the International Monetary Fund, talks of the "critical mass" which the Fund needs to "entice member countries to agree to meaningful and realistic programmes (of economic adjustment), and also to catalyse the provision of other external funds needed for the financing of the balance of payment problems in question."

The attractiveness of the Fund becomes ever more critical as hard times loom, as commodity prices fall, as the cost of debt stays high, as international banks become nervous and as any meeting of ministers or heads of state will admit to deep concern about the economic state of the developing world.

If it is to boost its lending, the Fund must offer sufficient enticements to developing countries to compensate for:

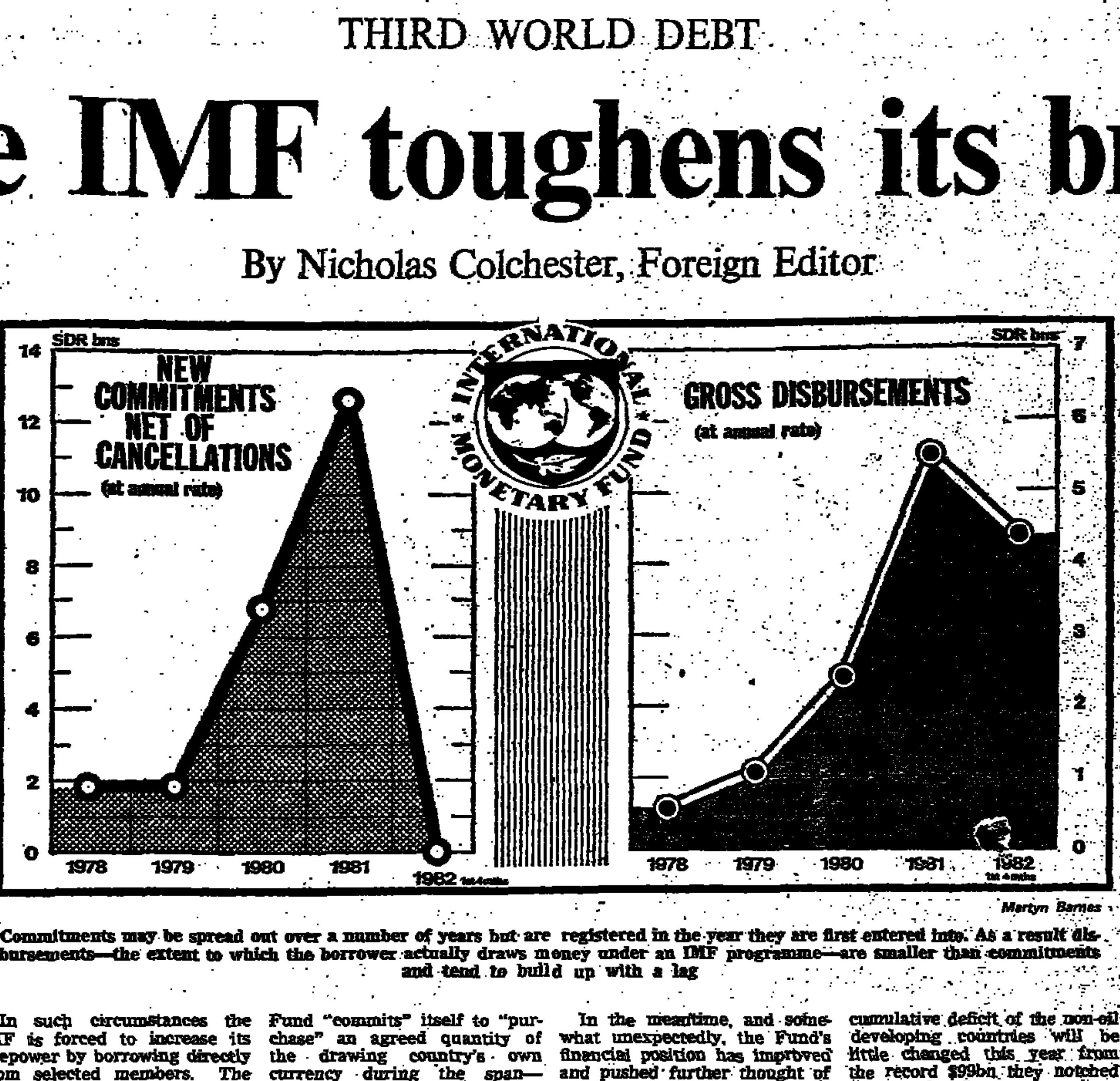
—its image problem as an institution dominated by, and oriented towards, industrialised countries;

—its conviction that it is primarily a provider of medium-term solutions to balance of payment problems and that some of today's debt problems are outside its brief;

—its insistence that borrowers must make economic adjustments to deserve IMF loans, that it cannot become purveyor of free lunches to the world.

In the last decade the IMF has found it hard to keep its mass above the critical level.

The current total of IMF quotas—the basis of the IMF's finances—amounts to only 4 per cent of world imports against 12 per cent in the early 1960s. The two oil shocks of 1974 and 1979 led to payments imbalances—the "recycling problem"—which were disproportionate even to this rapidly expanded world trade. Moreover these same oil shocks threw up a pattern of surpluses and deficits which the IMF co-operative was poorly designed to cope with: countries with large quotas were in deficit and Opec countries with small quotas heavily in surplus.



Commitments may be spread out over a number of years but are registered in the year they are first entered into. As a result disbursements—the extent to which the borrower actually draws money under an IMF programme—are smaller than commitments and tend to build up with a lag

In such circumstances the IMF is forced to increase its firepower by borrowing directly from selected members. The most striking example was the "oil facility" introduced in 1974. This took cash from members still in surplus, including oil producers, and lent to industrial and developing countries hard hit by the oil price rise. The facility rose to a peak of SDR 7bn in 1977 but has now been wound right down.

It had an important effect upon the IMF's thinking. Oil facility money was lent, with few economic conditions attached. But the IMF found that without such conditions borrowers avoided facing up to the new reality of much higher energy costs. So it decided that henceforth it must always insist on economic adjustment when lending.

In 1980 and 1981, the Fund made a surge of new commitments to developing countries. Net new commitments rose from SDR 1.8bn in 1979 to SDR 6.8bn in 1980 and SDR 12.7bn in 1981. This reflected a number of factors. The North-South debate was at its height. It was the aftermath of the second oil shock. There was a liberal administration in Washington. The multiple of IMF quotas which could be made available to any borrower had been boosted. The Fund was anxious to demonstrate its "critical mass." Above all, substantial borrowers in the developing world overcame their reservations, or felt a financial pinch, and turned to the Fund: India was the most impressive example.

These commitments had to be funded. The word commitment reflects the unique way in which the Fund operates. Lining up sufficient quantities of "usable currencies," the Fund "commits" itself to "purchase" an agreed quantity of the drawing country's own currency during the span—typically three years—of a "programme." The programme establishes the steps the drawing country should take to bring its external payments back into balance.

This "conditionality" gets tougher as the amount committed increases. Despite commitments spread over several years, the drawings in the later years of any programme depend upon a satisfactory performance in the earlier years.

There was a period in 1980-81 when it looked as though the Fund might have trouble finding the "usable currencies" it needed to meet its quite rapidly expanding commitments. In addition to quota finance, to bilateral borrowing facilities arranged through the Bank for International Settlements (BIS), and to substantial sums made available to the Fund by the Saudi Arabian Monetary Agency, the Fund's treasurers began to float the idea of raising additional funds in the international capital markets. But the Interim Committee, which decides Fund policy, ruled that such fund raising should be very much a last resort because it threatened the Fund's basic character.

> An increasing number of commitments have been revoked because borrowers are failing to meet the Fund's criteria

In the meantime, and somewhat unexpectedly, the Fund's financial position has improved and pushed further thought of market borrowing into the background. Two things have happened: the Fund's stock of usable currencies has rapidly improved, and the rate at which the Fund is undertaking new commitments to developing countries has dwindled.

Quotas of usable currencies now stand at SDR 24.1bn compared with SDR 10.6bn two years ago. Meanwhile the Fund has registered no net increase in commitments so far this calendar year and will probably not commit much more than SDR 6bn by the year's end.

The first development is due to a change in the pattern of deficits which made things difficult for the Fund during the 1970s. Industrial countries account for two thirds of the Funds quotas. Where they registered deficits of $45bn on current account in 1980, they will probably show a surplus of $11bn in 1982, according to the IMF.

It would be pleasant to report that the slowdown in new IMF commitments is due to an improvement in the financial position of the developing world. Unfortunately the IMF's own estimates show that the cumulative deficit of the non-oil developing countries will be little changed this year from the record $99bn they notched up in 1981. Their needs are as great as ever, but the IMF has brought the expansion of its lending to them almost to a halt.

What has happened? IMF officials provide three explanations for the slowdown.

● An increasing number of commitments—ten out of 34—have been revoked part-way through programmes because borrowers are failing to meet criteria laid down by the Fund.

● The Fund is tending to limit new commitments to one year because three-year programmes appear increasingly hard for developing countries to adhere to. The Fund would prefer to negotiate consecutive one-year programmes, than argue with the borrower over whether the later payments of a longer programme are still merited.

● The 1980 and 1981 figures included some big borrowers—Turkey, India, Yugoslavia. So far in 1982 no big borrowers have arranged programmes with the Fund.

But behind these mechanistic explanations one detects a deeper constraint. Under the eye of a sceptical Reagan Administration, and of other industrial countries with rigorous economic policies, the Fund is trying to stick to its original brief when the problems of many developing countries have moved beyond the scope of that brief. The Fund does not believe it can, or should, bear the brunt of their problems.

In a recent interview M de Larosière made it clear that as economic conditions for the developing world became tougher the Fund had to get tougher with the developing world. "What has really happened," he explained, "is not a tightening of conditionality per se, it is a worsening of the external conditions of the country in question and the need for more adjustments."

Of course, he said, a poor country might not be able to resolve everything in three years and "in such cases the solution could not be found solely with the IMF. The Fund's purpose was to provide medium-term balance of payments assistance on a revolving basis," not to act as a development bank.

"If we think a country is not in a position to right its balance of payments within a few years and that the adjustment measures which ought to be taken go beyond socially tolerable limits in the country concerned, the proper solution is to present the problem to the international community in very clear terms," he said.

Such a view of the limits of the Fund's scope was certainly implicit in the hard-nosed communiqué put out by ministers and central bank governors of the Group of Ten at the recent IMF meeting in Helsinki.

Yet was this consistent with the communiqué from the Versailles Summit one month later? "It is important that a high level of financial flows and official assistance should be maintained and that their amount and effectiveness should be increased as far as possible, with responsibilities shared broadly among all countries capable of making a contribution," said the leaders of the industrial world.

Or is it consistent with the new fears of central bankers, and of the Bank for International Settlements, that excessive caution on the part of commercial bankers lending to the Third World may now pose a greater threat than excessive enthusiasm?

On the face of it, not. There may however be ways in which the Fund can preserve its character and yet do more to meet the needs spelt out at Versailles. They mainly concern the Fund's effective "mass."

● A radical increase and redistribution of IMF quotas would make it more worth while for Brazil or Mexico to subject themselves to IMF scrutiny. A much greater degree of co-operation between Fund and the World Bank would allow the Fund to offer a liaison between balance of payment programmes and longer term development programmes: this presupposes a substantial increase in the World Bank's ability to make soft loans. Finally, the IMF—as an intergovernment agency—might do more to coordinate the provision of government aid or of government-backed loans to those countries whose problems have gone beyond the point where the IMF feels its own programmes are relevant.

Men & Matters

Flair path

During the Falklands crisis, Britain has discovered the advantages of having ambassadors in the U.. who combine a flair for public relations with their diplomatic skills.

Taking a leaf from the British book, the European Commission has decided to send one of its most colourful and able officials to head its delegation in Washington. He is, moreover, an Englishman.

Sir Roy Denman, after five gruelling years as director general for external relations, has agreed to accept the "stimulating challenge" of trying to sort out on the spot, instead of at arm's length, the EEC's growing trade disputes with the U.S.

In a recent and characteristically forthright speech to the Houston Chamber of Commerce, Denman quoted Mark Twain's observation on Carlyle's attitude to Americans: "At bottom he was probably fond of them, but he was always able to conceal it."

Denman makes less effort to conceal his liking for things American but he certainly does not restrain his criticism of those U.S. policies which he things are erratic or unstable.

His effectiveness in Brussels has never been in doubt. And his political and personal profile has been consistently higher than most directors-general—not least because his Commissioner Wilhelm Haferkamp, is not by nature one of the world's most energetic men.

Denman's industry, by contrast, has been phenomenal and his travel schedule would have killed anyone less robust. He is 58 today and a desire to be able to look forward to a reasonable period of retirement may well have been an influence in his change of job.

A huge man—he may be the only foreign diplomat capable of looking the Fed's Paul Volcker straight in the eye—Denman has spent virutally his whole career as a trade negotiator.

He joined the Board of Trade in 1948 and was deputy secretary at the Department of Trade and Industry from 1970-74. For two of those years, he was a member of Ted Heath's team which negotiated Britain's entry into the EEC.

Denman developed a taste for Brussels and elected to go there in 1977 after two years as second permanent secretary in the Cabinet Office. By that time, he was beginning to feel uncomfortable in the Whitehall machine which he now regards as excessively insular and none too skilful in handling Community affairs.

Denman has a talent for utrning a phrase, though not all of them are printable. One that was leaked to the press—not greatly to his dismay—was his reference to Japan, in a Commission internal paper, as "a country of workaholics who live in what Westerners regard as little more than a rabbit hutch."

He once described a former senior British civil servant with a taste for alcohol as entering his Brussels office "preceded by a cloud of whisky fumes with a cigar burning dangerously in the middle."

Will the diplomatic life force him to tone down his language? "I would hardly live without it," he says.

Record review

Where would one go to inquire about the influence of a toothache suffered by Earl Haig on the development of the Army Dental Corps?

From whom could one learn the rate of a stuffed sandpiper caught on Spitzbergen on a 19th Century expedition?

The answer in both cases is (of course), the Public Record Office, which, in its 23rd annual report, offers the above inquiries as indications of the range of subjects upon which its archives are consulted — a range which, it remarks with mild surprise, "continues to outstrip fantasy."

Although the Office is normally associated in the public mind with shock-horror revelations by investigative journalists at last given access to 30-year-old political documents, the major preoccupation of those visiting the Official premises in Kew, Hayes and Chancery Lane is, apparently, with their family trees or pedigree.

The report's own preoccupation seems to be statistical. It announces with some satisfaction that there are now 434,000 feet of shelving in its premises; that 99,000 people visited the offices during 1981 and that the number of documents produced rose by 11 per cent to 703,900; and that the film library now contains about 5.8m ft of film.

And what, one wonders, will investigative journalists make of the sinister paragraph that at the Intermediate Repository at Hayes, used by 54 government departments and other bodies: "52,000 feet of records (615 tons, 627 tonnes), approximately 4.6 per cent of the total capacity of the repository, were sent for destruction?"

Posh going

Lord Inchcape, the tough but quietly spoken chairman of P & O yesterday announced plans to step down amid a general reshuffle of the shipping group's board.

He does not leave the bridge until next June when he will be 65. The board changes, he says, reflect his confidence that P & O has weathered the administrative and financial crises of the late 1970s.

This typical Inchcape understatement is a reference to the company's move into the red in 1978 and his row with erstwhile close colleague and chief executive Sandy Marshall.

Marshall, who backed Inchcape in his battle to fight off the merger plans of building group Bovis, was later eased out after a difference of opinion over how best to sell off assets and keep the group afloat.

Inchcape also swept out the entire 15-man corporate PR department as well as the company's planning and forecasting unit. He has been chairman, in executive or non-executive guise, for one of the most difficult decades faced by the British shipping industry.

But the fact that it has been in the black for most of that decade and that it has stayed strongly committed to shipping is due in no small measure to Inchcape's skills.

Sounds right

"Toute a l'heure"—lunchtime hooter.

Observer

POLITICS TODAY

The gleam in Thatcher's eye

By Malcolm Rutherford

PRESIDENT MITTERRAND of France summed it up very well at the end of the Versailles summit meeting last Sunday: "The United Kingdom must recover what it has lost. We shall do everything that we can to make sure that peace will prevail over war."

It is much the same in Westminster and Whitehall. There is a sense of grim inevitability that the final British assault on Port Stanley must go ahead, may even have gone ahead. Extraordinarily few people seem to receive the full reports of what is happening on the ground. But there is an awful lot of questions about what happens after that.

The consequences of the Falklands war can be divided into two parts, the short and the longer term, though the two are of course related. Assuming Britain regains the islands and the surviving Argentine forces withdraw, there will be some immediate questions to be resolved.

For instance, what is to happen about the Governor? Mrs Thatcher has hinted that she would like to restore Mr Rex Hunt, though the Foreign Office is less keen and it seems to me to be quite inappropriate to return a relatively *low-level* former colonial officer to a totally changed situation. It could give altogether the wrong signal to the rest of the world which is looking for evidence of a longer-term solution. It might be much better to emphasise the temporary and extraordinary nature of the post-assault position by installing a Military Governor to preside over reconstruction.

There is also the question of *economic sanctions against* Argentina. The heavyweights of the European Community—France and Germany—would like to end them as soon as possible: that is, very shortly after the final assault. Their reasoning is that they want to avoid a trade war with Argentina and perhaps steadily worsening relations with Latin America as a whole. It will be very difficult for Britain to resist, though it would be worth trying to do something about restrictions on arms sales.

All sorts of contingency plans are around in Whitehall but the thinking is fluid, to put it mildly. Mrs Thatcher, for example, produced a new justification for the British action when she said in an interview with American television on Wednesday: "*Those islands are strategically important* ... some very big oil tankers have to go around Cape Horn to get round to Alaska. They have a very enormous strategic value. They are also to some extent the gateway to the Antarctic which will progressively become more important in resource terms to the world as a whole." Odd that no one said much about that before.

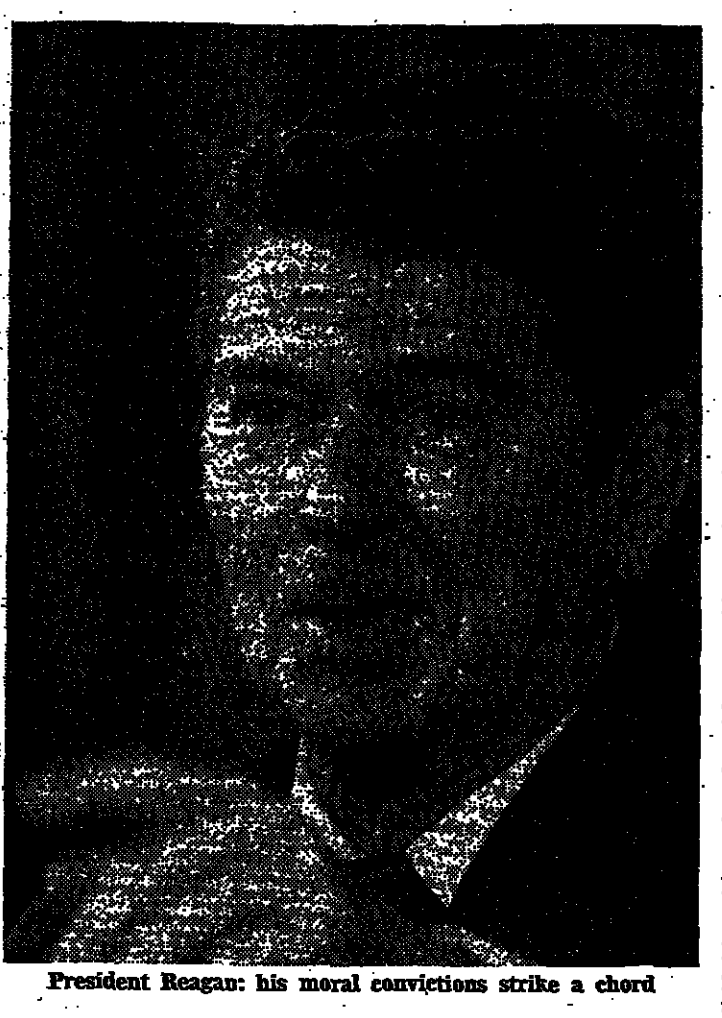
She also introduced the idea of defending the extended airstrip at Port Stanley with Rapier missiles in a way that she has not yet done in the House of Commons. No doubt there are other possibilities still to be revealed.

All that will have to be sorted out in the near future. Yet perhaps the more interesting question is what the Falklands campaign will do to Britain and to British politics in the longer term.

One short answer is that it has transformed the fortunes of the Conservative Party, though I should not read too much into that. First, there were some signs that the Conservatives were beginning to recover before the crisis broke out. Second, it really would be remarkable if the bulk of British opinion were to turn against the Government, and by implication the armed forces, at the beginning of a campaign in which Britain is in the right. There is a natural rallying to *the flag*.

Third, the turn-out in the *recent* by-elections at Beaconsfield and Merton, Mitcham and Morden does not indicate overwhelming enthusiasm. Psephologists will be more interested in the future behaviour of the 50 per cent or so who were eligible to vote and chose not to do so.

Fourth, the coverage of the war by the media—and more recently of events in the Middle East—*has* distorted the news at home. The disruption caused by industrial action to the Health Service now seems to be at least as great as during the "winter of discontent" in 1979, yet very little is heard of it because it is crowded out of the headlines. There may also be an all-out rail strike later this month.



President Reagan: his moral convictions strike a chord

What will the Government do about that? "Give way a little to the nurses and stand up to the railwaymen," is one fairly typical Tory cry. We shall see in due course, but the point is that old problems have not gone away.

There is a further issue which has only lately been coming to the fore. The war will have to be paid for. Mrs *Thatcher* spoke on American television of "quite considerable expenditures" and there have already been hints of an increase in VAT. The extent of the costs will become clear only when we know more about the terms of the settlement—if there is one—but they could be far from negligible.

There is a much wider question, however, which seems to me to be crucial. Will Britain react to the Argentine invasion and its aftermath by becoming more nationalist or will it draw the quite different conclusion that it is necessary to strengthen international alliances and international order? There is a terrible danger that it will do the former.

You can see this in several ways. Comparisons are being drawn on the Tory benches with France at the time of the return of General de Gaulle. There is talk of *a new mood* of national self-confidence, even assertiveness. Mr Cecil Parkinson, the party chairman, was full of it when he appeared on television last Sunday.

Practical examples abound. The Tory sniping against Mr James Prior, the Northern Ireland Secretary, has increased. True, Anglo-Irish relations have not been exactly improved by the approach of Mr Charles Haughey, the Irish Prime Minister, to sanctions and Security Council resolutions. Much of the fault lies in Dublin. But the chances of a Northern Ireland settlement and a further rapprochement with the South have diminished as the Tory Right has hardened its opposition to Mr Prior's Bill.

The Bill will go through with the aid of the guillotine, but the push has gone out of the Prior initiative. The Tory Right tends to favour the integration of the North with the UK and Mrs Thatcher does not actively discourage them. Mr Prior is becoming more isolated.

Again, there is the case of Japan. The UN resolution which Britain vetoed last week was put to the vote only because it had Japanese support—without Japan the necessary nine votes would have been lacking. The word in Whitehall now is that it all goes to show that you can't trust the Japanese. Future British attitudes in any negotiations with Japan—whether on trade or anything else—are likely to be much tougher, though a different conclusion might be drawn that it would have been wiser to have cultivated the Japanese Foreign Office more in the first place.

There is also the European Community. Mr Francis Pym, the Foreign Secretary, patched up a temporary deal on the British contribution to the budget when Mrs Thatcher was enmeshed with the Falklands. But the real battles are still to come. They will be much harder than ever before: the longstanding talk of "British Gaullism" and standing up for national interests has come to the surface.

Anyone who watched President Reagan's performance in the Palace of Westminster on television this week will also have noticed the light that shone in the Prime Minister's eyes whenever the cameras fell on her. Quite clearly the Alliance which she favours is more with the U.S. than with Europe, especially when America is led by a President who shares her own moral convictions.

Yet the new nationalism is not confined to the Tory Right. It has its mirror image in the Labour Party, which took the occasion of Mr Reagan's visit to publish an open letter to the President.

Some of its points are perfectly reasonable: for example, its criticisms of Mr Reagan's apparent concentration on East-West issues at the expense of North-South. Others, such as the stress on unilateralism, are not surprising. But, for all the references to South Africa, El Salvador and so on, the tone is almost entirely inward-looking. It is as though Britain possesses some superior moral virtue which should not be contaminated by too close a contact with allies. What are we to make of a long statement on foreign affairs that makes no mention of the Middle East, especially this week?

The real lesson to be drawn from the Falklands crisis is quite different from the way thinking is going in the two major parties. It is that we need more internationalism, not less; more effective alliances rather than more national independence.

The Falklands is an exceptional exercise. Nevertheless, it would never have been possible without the support from the Community on sanctions at the start, the diplomacy at the UN which led to the original supportive resolution, and the material assistance from the U.S. It is that kind of allied support and the improvement of the workings of international diplomacy which we need to cultivate.

The question will arise when it comes to reassessing defence *policy in the light of the Falklands* expedition. Already there is talk of the need for a larger fleet and of cutting the British contribution to Central Europe should the costs make that necessary. Yet, apart from the fact that it would be foolish to revise defence policy as a result of one unlikely to be repeated campaign, there is also the point that defence is a business for the Atlantic Alliance.

Mr Pym, when he was Defence Secretary, proposed that Nato should review its purposes and requirements. That is now a matter of urgency. Who should *provide which equipment and* for what? What is to be the attitude to small wars and the recurrent question of economic sanctions? In the wider sphere, what should be the approach to arms transfers and how can the UN peace-keeping machinery be strengthened? Neither the Tory Right nor the Labour Left seems much interested.

Lombard

The U.S. and its friends

...By Anatole Kaletsky in Washington

WHEN ISRAEL goes looking for trouble, American politicians reach for their kid gloves. This curious reflex has a standard diagnosis in Europe—the power of the Jewish lobby.

But there is a danger in putting too much stress on such a facile explanation. For it obscures some deeper reasons why the Reagan Administration in particular finds it so difficult to condemn Israel in its Middle East adventures—and why attempts to build bridges with the Arab world have come far down the list of priorities for all U.S. administrations, with the possible and partial exception of President Jimmy Carter's. The conservative intellectuals who dominate the Reagan Administration's strategic thinking (even if they are often over-ruled by less doctrinaire practical politicians when it comes to implementing this strategy), regard Israel's precedence over the Arab states as a matter of realpolitik and principle, not of electoral expediency.

One official in the State Department put it like this, when asked whether the U.S. acquiescence in the Israeli invasion of Lebanon would mar improving relations with moderate Arab states like Saudi Arabia.

"Are relations really improving? We sell them AWACS and they say we are just salesmen. They won't talk about military co-operation or the rapid deployment force. They oppose Camp David. They just pour money into the PLO and ignore us."

Now, the lukewarm response to friendly U.S. gestures from countries like Saudi Arabia, Jordan and even Egypt may be due not to lack of goodwill, but to their *governments'* own internal problems. This is readily conceded. But then what good will such helpless allies be to the U.S. if it comes to a serious crisis?

There are two strands to this robust attitude of "They who are not for us are against us." First is the idea that the ultimate threat in the Middle East, as in other regions, is the Soviet Union. Thus, in the end U.S. friends may have to be judged by a very tough standard—do they have both the will and the internal cohesion to help the U.S. in an East-West confrontation?

The converse of this issue is even more important: those regimes that do commit themselves to the U.S. must be able to rely on its wholehearted support in times of need. Consider this comment by the Wall Street Journal, a consistent platform for the Reagan Administration's more ideological wing, urging clearer U.S. support for Israel just after its invasion of Lebanon.

"U.S. policy makers can never agree whose side we're on. . . . We cannot expect to reduce all political problems to simple maths, but we could start by making it clear that the U.S. stands by its friends and will resist strong arm tactics against them."

In times of crisis, this attitude leaves no room for a moral or legal calculation about which side to support. It does not mean, according to officials who espouse it, that U.S. foreign policy ignores rights and wrongs. It does mean that such issues have to be set aside when a strategic ally is in trouble.

With regard to Israel's Lebanon invasion, this principle, *not just the Jewish* lobby, explains why the U.S. has refrained from "addressing the question of justification," as the State Department put it on Wednesday. Presumably it will continue to avoid this question as long as Israeli soldiers are getting killed.

Once Israel feels secure again, U.S. Middle East policy will perhaps return to business as usual. The contending factions in the State Department, the Pentagon and the White House will re-emerge. There will be talk of arms sales to Jordan, of Palestinian autonomy, even, perhaps, of some *softening* in the U.S. stance towards the PLO.

The trouble is that Mr Begin will know (as General Galtieri of Argentina thought he knew in another context) that when the die is cast, the U.S. will always back him. And Mr Begin is shrewd enough to realise that he can cast that die whenever he wants.

Letters to the Editor

The importance of funding students from overseas

From the Partnership Co-ordinator
Ove Arup and Partners

Sir,—I am sure I shall not be alone in being infuriated by the quasi-academic approach of Michael Dixon's article "Who should fund foreign students?" (June 7). Those of us who have direct dealings with foreign governments, and who have to negotiate overseas, know that no other single action on the part of the British Government *in recent years has caused more* offence and potentially done more damage to political and trade relations than the measures taken by the present Government on foreign students' fees.

In all societies, certainly not least in the developing world, there is a need to realise the full potential of individual's capabilities. While one may agree that there has been an over-emphasis—throughout the world—on pushing the largest number of people possible through an educational system aimed at intellectual excellence, there can be no question of the need for fostering those who have a genuine capability for outstanding intellectual achievement. The developing world needs its intellectual leaders as much as the developed world. The UK needs policy makers throughout the world to have at least an empathy with this country. There is no better way to induce this than by helping to educate them.

The developing world desperately needs many more professional people than are presently available. My firm, in company with many others, devotes a great deal of time and effort to helping to develop such people. If however, such people do not have basic qualifications which are orientated to British practice, they will not come to us. Furthermore, their attitudes and ways of thought will not be positively attuned to ours, even if they are not negatively so.

Professional people trained to apply our standards and procedures are a very positive influence in the development of British consulting and project business in the developing world.

It seems to me that we need a policy which encourages and helps the genuinely bright foreign students to come to the UK, especially those who are aiming at the professions. This should not be considered as excluding an equally desirable policy of fostering short visits to the UK of those concerned with particular situations and types of activity. The two policies should be considered supportive not alternatives.

May I say it behoves us ill to strike a stance of intellectual (or any other form of) arrogance in and to the developing world.

R. H. Oake.
Ove Arup and Partners,
13 Fitzroy Street, W1.

Participation by the staff

From the Chairman,
Europe Committee,
Confederation of British Industry.

Sir,—Your report (June 10) on the CBI visit to the European *Commission* rightly points out the wide scope of our talks, but in dealing with two controversial social affairs measures it confuses by compression. May I set the record *straight?*

The CBI is very active in urging more employee involvement and our team certainly did not condemn the draft fifth directive on this subject as "totally unworkable." On the contrary we believe that in the form in which this measure emerged from the European Parliament last month it goes a long way towards providing the necessary range of options. Some improvements may be possible by redrafting, but there has been useful progress recently in the 10-year-old process of evolving an acceptable directive.

Our view of the Vredeling/Davignon proposal for worker consultation and information is far more critical. We fully support the need to inform and consult employees, but we do not believe this is best served by a mandatory instrument. The reason I described it as "misguided" was that it contains a number of *objectionable* features, not least the entitlement in the present draft for employees in all subsidiary companies of a group who deem themselves to be affected, to have extensive consultation with the parent company before management decisions can be taken. This would at best put European firms at a serious disadvantage compared with their U.S. and Japanese counterparts, and at worst produce chaos in company planning.

It is significant that despite the varying traditions of EEC member states in industrial relations, the industrial federations of the Community which are collectively represented by UNICE are united in their opposition to the Vredeling/Davignon proposal in its present form.

J. M. Raisman,
103 New Oxford Street, WC1.

Easier access to information

From Dr E. Williams,

Sir,—Your article "Highlighting the Prestel weaknesses" (May 27) summarises, in rather over-dramatised form, the problems that most people have with computerised database systems.

In the past, most on-line information systems have been used solely by trained information scientists. With Prestel, Britain has led the world in bringing such computer services out of the specialist library into *people's offices and homes.* This lead has now been followed in over 20 other countries from Austria to Venezuela. Prestel has one of the largest commercial database, with over 220,000 pages, increasing by nearly 5,000 each month, many of which change every few minutes. Information search is thus an undeniable problem; one which we could not expect to solve completely in a few years. Books have been around for 300 years, newspapers for over 200, and most of us have spent a lifetime, including years of formal education, learning how to use them, yet few manage 100 per cent success when searching through printed words for the information they need. It should thus be no surprise that for the electronic form, information search falls below 100 per cent success rate: our researches suggest that 70-80 per cent success is a fair average. In an attempt to improve this rate, Prestel will be introducing an experimental "keyword" system this summer.

We must, however, disagree with Professor Scott Maynes that keywording will prove a radical improvement over "tree" indexes. The source, a large on-line information service in the USA, used to rely solely on keyword search but recently, in order to make information access easier for their home users, they have introduced a great innovation, Prestel-style tree indexes!

Dr Ederyn Williams,
Prestel Headquarters,
British Telecommunications,
Telephone House,
Temple Avenue, EC4.

The workers' struggle

From Mr T. Symonds.

Sir,—May I comment on the letter (June 4) from J. E. Mortimer, the general secretary designate of the Labour Party? He overuses—as do most Labour Party would-be intellectuals— the word "radical" when referring to the honourable struggle by workers over the centuries to gain a living wage. The tradition of struggle by-the-people-for-the-people has certainly centred itself within what became the Labour Party, and it took the form of withholding labour, certainly in the factories.

But the intellectual base of radicalism has always been in the Whig and later Liberal tradition, not in the Labour Party at all. Indeed, the hardest people to watch in full egalitarian flight are the thinkers trying to get to grips with the Labour Party history of non-intellectualism. I think Denis Healey is high on this list.

The fact is we are witnessing the most devastating attack on the "working (ie, semi- and unskilled) class" ever known. I doubt if the class as a class can survive. This is not to say their offspring will not survive, but they will enter the middle classes (ie, skilled or theoretical) to do so. The reason the Labour Party is breaking up is that the middle-class thinkers and theorists are sticking with it, except for the ones driven out by savage attack on them, but the traditional working-classes in desperation are looking for an alternative party within which their survival can be guaranteed, if possible. Because those voters have been sturdily conservative the SDP will have the hardest task to become a radical party. In Government it will probably go for Keynesian economics (now nearly conservative as a system of managing an economy) but keep to conservative social policies. This is why the radicals will vote for Dr Owen, the cautious for Roy Jenkins.

But either way, the SDP will be good for big business, the Liberals for small business. The Alliance has a momentum of its own. And the radical tradition in British history so claimed by Mr Mortimer may actually move into what might become the rump of the Labour Party, dismissed by the majority vote from power, probably pleading for proportional representation.

Tim Symonds.
The Mill House,
Burford, Oxfordshire.

Hill Samuel Group profit climbs 42% to £15.99m

BY ALAN FRIEDMAN

AFTER-TAX profits of the Hill Samuel Group rose by nearly 42 per cent to £15.99m in the year to March 31 1982, an effective doubling of the profit level over the past two years. A final dividend of 5.5p makes for a total of 8p, against last time's 7p per share.

The lion's share of profits continue to come from the merchant bank, which showed a 15 per cent increase to £12.5m, while life assurance and investment management were up 81 per cent to £2.8m. Employee benefit services improved by 85 per cent to £2.07m and the insurance broking division registered a loss of £628,000, down from £1.4m last time.

Shipping services, including a three-month contribution from the newly acquired Wallem group, were up to £2.5m, a 156 per cent rise on an adjusted basis.

Underwriting agencies stood at £369,000 last year, against £247,000. Central costs rose 73 per cent, however, from £2.17m to £3.6m. Of this increase, interest accounted for around £1m, while new incentive schemes and overheads comprised the remainder of the rise.

Fully diluted earnings per share were 39 per cent higher, at 23.24p against 16.73p. The group figures also include an extraordinary credit of £236,000 (£1.55m).

Consolidated shareholders' funds at year-end nudged above the £100m mark, to £106.5m (£91m) and the group balance-sheet now stands at £2.2bn (£1.75bn).

The Hill Samuel results show an overall improvement and were helped by the depreciation of sterling against the U.S. and Australian dollars. Negative factors included the depressed state of the shipping and UK insurance markets and unfavourable conditions in Australian and South African banking.

Mr Christopher Castleman, group chief executive, reckoned the weakness of sterling added about 2p to earnings per share, while difficulties in the Australian and South African markets lopped 1p off, making for a 1p net gain on external factors.

The South African and Australian banking divisions contributed around 25 per cent of banking profits. South African profits before tax were lower but a reduced tax charge resulted in net earnings 7½ per cent higher.

In the UK, earnings from free capital resources rose by 10 per cent, according to Mr Castleman. Treasury operations contributed a 16 per cent higher profit and commercial banking was up 50 per cent despite "razor-thin margins" on commercial lending.

Investment banking improved on an overall basis but some losses continued on Eurobond activities. Hill Samuel has decided to cease making a market in Eurobonds and is concentrating on small trading activities, particularly those associated with issues the bank has co-managed. "It's crazy for a house like ours to think we can run a book like the major traders," explained Mr Castleman.

In UK corporate finance, competition continues and the bank is forming a special team for smaller company finance. "We are willing to have a go at other people's clients," said Mr Castleman.

On the shipping side, the profits do not include around £0.5m of finance costs associated with the £12.4m purchase of the outstanding 75 per cent of Wallem. These charges are contained in central costs.

Mr Castleman agreed that Wallem "cannot do as well this year as it did last year" but said he expected to see maintained shipping profits on a pre-interest and net basis by moving into agencies, ship management and other activities.

Commenting on merchant bank disclosure, he said Hill Samuel had no intention of disclosing the annual charge related to bad debts but would review—subject to EEC directives—the idea of disclosing transfers into contingency reserves.

See Lex

HIGHLIGHTS

Lex looks at the markets where a weak day left the FT Index down 15 points over two trading sessions. The column glances at the disappointing results of the Argyll Foods offer for sale by tender which was only 26 per cent covered. It also examines Northern Foods which has reported for the six months to the end of March pre-tax profits up 20 per cent from £17.2m to £20.7m on turnover 13 per cent ahead to £410m. The advance was thanks to a higher contribution from the U.S. and consolidation of Avana. The column also considers Hill Samuel where, for the second year running there has been strong profits growth amounting to 42 per cent to £15.99m after tax. But the easy improvement routes have now been exhausted and the going is likely to get tougher from now on.

J. Finlay advances by £1.76m

PRE-TAX profits of James Finlay, international trader and financier, advanced by £1.76m to £13.16m for the 1981 year on higher turnover of £99.16m, compared with £95m.

With stated earnings per 25p share, excluding extraordinary items emerging at 13.4p (11.1p) on a net basis and at 14.1p (11.4p) on a nil basis the dividend total is being effectively increased from 4.17p to 4.5p by a second interim of 2.5p

Full-year taxable surplus was after interest charges of £3.22m and net realised exchange losses of £196,000 but included net gains on sales of investments totalling £1.52m and a share of associates profits of £679,000 (£389,000).

Tax took £4.14m (£3.8m) and after minorities and extraordinary debits this time of £1.17m (representing a write-down in the carrying value of a long-term investment, Tata-Finlay, amounting to £789,000 and a loss on the closure of a division of £380,000) the attributable balance came through at £6.64m (£6.4m).

● comment

Improvement in most activities, including a slightly better result from the tea side, enabled James Finlay to exceed market expectations with a 15 per cent pre-tax advance. The move away from the cyclical plantation interests, with recent focus on North America and oil related businesses should smooth out future performance patterns. However, following further investment gains from the sale of LASMO shares there is now little meat left on this bone, which is down to some 300,000 shares with a current value of around £1m. Based on present trading the company is cautiously optimistic. But yesterday's 1p rise to 93p left the shares at more than 50 per cent discount to net asset value. Save for a revival of speculation about an offer from the privately owned John Swire group, sitting on almost 30 per cent of Finlay, real excitement remains in short supply.

Investment income helps Northern Foods to £21m

ON A 13 per cent increase in turnover from £362m to £410m, Northern Foods was able to push pre-tax profits for the six months to March 31 1982 ahead by 20 per cent from £17.19m to £20.68m.

A significant part of this improvement relates to a rise in earnings from investments from £813,000 to £2.99m, but this in itself was partly offset by a climb in interest charges from £4.26m to £5.55m, as a result of financing the group's larger investment in Avana coupled with higher UK and U.S. interest rates.

Estimated profits from the 20.5 per cent holding in Avana have been included in the first half figures.

Group operating profits for the six months finished £2.59m higher at £23.23m and, with tax taking £4.77m against £4.65m, net profits advanced from £12.54m to £15.89m. Stated earnings per 25p share expanded from 7.13p (adjusted for the one-for-five rights issue in November 1981) to 8.13p, while the net interim dividend is being lifted from 1.8p to 2p. Last year a total of 5p was paid on taxable profits of £33.53m.

Minority profits for the interim period rose from £298,000 to £326,000 but there were extraordinary credits this time of £189,000. This left the attributable balance up from £12.24m to £15.74m, an improvement of 28 per cent after the payment of preference dividends totalling £5,000 (same).

The ordinary interim absorbed £4.1m compared with £3.03m, following which retained profits saw a £2.44m expansion at £11.65m.

On a CCA basis the profit before tax is shown at £17.61m against £14.07m and earnings per share have risen from an adjusted 5.38p to 6.54p.

The group's main activities fall into four categories within the food industry; milk and dairy products, milling and baking, meat products and brewing. It operates the third largest dairy business in the UK, supplying milk-based products, together with bread and meat, to companies which include Marks and Spencer.

Last November it called for £41m by way of rights, saying the proceeds of the issue would initially serve to reduce borrowings and provide the necessary financial flexibility to enable the group to take advantage of opportunities for further acquisitions as and when they occurred. Capital expenditure of £37m was planned for the current year.

See Lex

Tool division hits 600 Group

THE OPTIMISM expressed mid-year by Sir Jack Wellings, chairman of the 600 Group, of a slightly better second half has been borne out.

However, although taxable profits for the second six months edged ahead from £2.41m to £2.48m the total for the full year to March 31 1982 was still behind at £4.46m, compared with £4.78m, with the machine tools contribution sharply lower.

The dividend total is maintained at 5.25p per 25p share by a same-again final of 2.91p. Stated earnings per share were 3p (29.2p) before extraordinary debits. On a nil basis they were 8.1p (10.4p) before taking credit for stock relief in respect of previous years).

Turnover of the group, whose interests include the manufacture of machine tools, engineering products and services, materials handling and metal recovery, fell back from £148.52m to £143.64m.

Commenting on the results Sir Jack says that the continuing low demand in the home market made it certain that profits would not improve on the low level of the previous year, although the overseas companies again achieved record results.

The group took further action "at considerable cost" to reduce the output of several of its activities "as the prospect of a recovery in the UK became more remote."

In the iron and steel division reorganisation continued in the scrap depots and this, together with an upsurge in demand in the last quarter, enabled the sector to achieve a considerable improvement over last year.

The machine tool division, helped by the overseas companies, continued to be profitable. The group's volume manufacturers of standard machine tools suffered from low UK demand and worldwide recession with a considerable reduction in results. A "sizable" reduction in profits of the engineering division was mainly due to poor results on crane manufacture owing to the depressed home market and despite the South East Asia companies having a record year.

The pre-tax surplus was after deductions for depreciation of £3.32m (£3.03m) and interest charges of £2.63m (£2.35m). It included a share of profits of associates, which rose from £657,000 to £1.32m.

Tax paid totalled £2.93m, against a previous credit of £8.85m. Minorities accounted for £105,000 (£304,000) and after extraordinary debits of £1.59m (£1.1m) there was an attributable loss of £169,000, against a surplus of £12.15m, from which ordinary dividend payments absorb £2.46m (same).

A breakdown of turnover and trading profits (£3.14m, against £4.11m) by division shows: iron and steel products and services £46.99m (£49.94m) and £183,000 loss (£2.63m loss); machine tools £65.95m (£71.41m) and £2.51m (£5.63m); other engineering products and services £30.99m (£27.17m) and £807,000 (£1.1m).

Further moves by the group into high technology during the year included the formation of a new company to consult and supply technology on flexible manufacturing systems. In December it signed a 10-year exclusive manufacturing and distribution agreement for the UK and Eire with Fujitsu Fanuc of Japan for Fanuc robots which include the worldwide rights to export robots when incorporated into group machine tools and other products. The group intends to form a joint venture company with Fujitsu Fanuc to manufacture and distribute robots.

CCA pre-tax profits were £18,000 (£595,000 loss).

● comment

The 600 Group has not paid dividends out of reserves for the last decade at least. The company has pushed through the recession with the aid of strong overseas orders and strict cost cutting, but today the machine tool and metals businesses are still not much fun. The maintained dividend seems to underline the company's confidence in its new venture into robotics and other exotics rather than hint at an early recovery of its main markets. In the meantime, the company says it has no worries about its balance sheet and is clearly capable of absorbing more bad weather while it develops its new lines of business. With the prices down 2p to 71p, shareholders are being kept warm with a comfortable yield of more than 11 per cent.

Great Portland over target

Great Portland Estates, the property investment group, increased its pre-tax revenue from £10.2m to £13.32m in the year to March 31, 1982. This represents a better than forecast result, for at the time of the rights issue last December the directors said they expected second half profits to be broadly in line with the £6.06m reported for the first six months.

As predicted at that time the final dividend is 4p, effectively lifting the total payment from 4.17p to 5p net. In addition a one-for-six scrip issue is proposed and the directors are projecting maintenance of the current level of dividend on increased capital for the current year.

Gross rental income for the 12 months under review amounted to £14.89m (£13.83m). Revenue was after a charge of £180,000 for exceptional repairs arising from refurbishment of buildings, and was subject to tax of £5.55m (£4.66m).

Earnings per 50p share are stated at 6.2p (5.2p) and dividends cost £5.57m (£4.32m).

There was net revenue of £6.79m (£5.54m) from completed properties which included £14,000 (nil) of outgoings on properties in the course of development.

The entire portfolio was valued at £276.69m by Hillier Parker May and Rowden at the year end on an open market basis, giving a surplus of £63.62m which has been transferred to capital reserves. Net assets per share at March 31 totalled £2.26.

● comment

The market's disappointment at Great Portland Estates' figures, sending the shares down 10p to a 1982 low of 152p, has nothing to do with the pre-tax revenue which showed a useful 30 per cent increase. The reason was the announcement of net assets per share of 226p, 20p less than most prior guesstimates. This figure may have been depressed by the impact of the £50m rights issue. Moreover, rental values in the West End where the company has its greatest concentration of property, have not been as buoyant as those in the City. Great Portland's reputation as the ultimate defensive stock in the sector is reinforced by the current level of gearing—a negligible 8 per cent, and the shares yield 4.8 per cent, ahead of the sector average, but those shareholders who took up the rights issue price of 162p may be feeling some disappointment at the moment.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Applied Computer	0.5	Aug 11	0.33	0.7	0.5*
Brown Shipley	4.25	Aug 1	3.75*	7	6.5*
Chapman Inds.	4.5	July 29	4.5	6.5	6.5
A. Cohen	5.15	July 27	4.9	7.88	7.5
Electra Inv.	1.6	July 30	1.59	3	2.69
B. Elliott	Nil	—	3	2	8
Fairline Boats ......int.	0.5	July 29	0.5	—	1
Finlay (James) sec. int.	2.5	July 28	2.17*	4.5	4.17*
Great Portland	4	Sept 2	3.33*	5	4.17*
Hill Samuel Gp.	5.5	—	4.8	8	7
LCP Holdings	1.8	Aug 6	2.5	3.6	4.3
Leigh Interests	3.8	—	3.3	5.63	4.83
Northern Foods ......int.	2†	Aug 27	1.8	—	5
Plysu	1.55	July 16	1.27*	2.3	1.89*
Rolfe & Nolan	2.5	July 29	1.5	2.5	1.5
Sidlaw Group ......int.	2.5	Aug 11	1.67*	—	6.67*
600 Group	2.91	July 30	2.91	5.25	5.25
Sonic Sound ......int.	0.5	—	2.24	—	4.48
J. W. Spear & Sons	3.5	—	3	6	6
Utd. Computer	0.8	July 16	—	—	—
Vlakfontein	20§	Aug 4	40¶	45‖	40¶

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § South African cents throughout. ¶ 12 months to December 31 1980. ‖ 18 months to June 30 1982.

Chubb S.A. well ahead

Chubb Holdings, the 71.7 per cent South African subsidiary of Chubb and Son of the UK, raised its operating profit from R3.4m (£1.75m) to R4.4m for the year to March 31 1982.

Turnover rose to R39.6m (R31.2m). Competition continued and there was a decline in demand towards the end of the financial period.

The dividend is being increased to 27 cents (23 cents)—earnings rose to 52.3 cents (46 cents) a share.

ADVERTISEMENT

Soviet-British Trade and Economic Relations — state and prospects

USSR a special section 1982

BY E. F. MANAKHOV,
TRADE REPRESENTATIVE OF THE U.S.S.R. IN THE UK SINCE 1976

The second half of the 1970s was characterised by a significant growth of trade and other forms of economic co-operation between the USSR and the UK. British firms and Soviet foreign trade organisations considerably expanded and strengthened their ties, began to put more efforts in finding new fields and forms of trade and economic co-operation, in using to the best advantage scientific, technological and economic potential in trade exchange as well as other resources and possibilities available in both countries.

It is worth mentioning that the agreements reached at the Soviet-British summit talks in Moscow in February 1975 were a major prerequisite for the development of Soviet-British trade. Among these agreements — the Long-term programme for the development of economic and industrial co-operation between the USSR and the UK and the Soviet-British inter-governmental credit agreement signed in 1975 with a view to provide the necessary financial basis required for the realisation of the Long-term programme.

As a result of the successful development of trade the share of the UK in the USSR total turnover increased from 1.8% in 1975 up to 2.3% in 1979, and in the USSR turnover with developed capitalist countries — from 6.0% to 7.4%. The record level of mutual trade registered in 1979 exceeded 1,900m roubles.

On the whole during the 10th five-year plan period of the development of the USSR national economy (1976-1980) the turnover between the USSR and the UK amounted to 7,800m roubles as compared with 3,700m roubles in the preceding five years. Moreover, the rate of growth of British imports to the USSR considerably exceeded the growth of Soviet exports to the UK. For this period we imported from the UK various machinery, equipment, semi-finished products, raw materials and consumer goods worth 3,200m roubles (1,100m roubles in the 9th five-year plan period). The delivery of machinery and equipment alone for the industrial projects under construction and operating made up over 1,000m roubles. At the same time the USSR exported to the UK goods to the value of about 4,600m roubles during the above-mentioned period (2,600m roubles in the 9th five-year plan period).

Different types of Soviet industrial equipment, cars and various domestic appliances were delivered to the British market. The export to the UK of our traditional goods (timber products, oil, furs, etc.) rose noticeably during this period.

Economic links

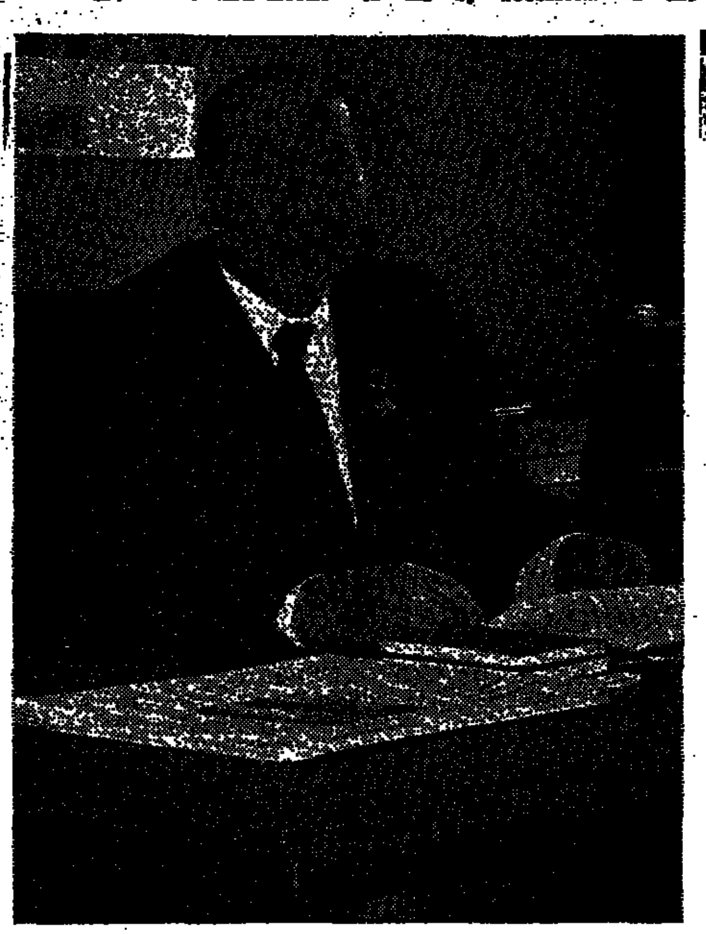
While speaking of the development of Soviet-British trade in the years since the Moscow summit talks, it is necessary to stress that the principal feature of this development lies in the fact that trade between the two countries has assumed a large-scale and long-term nature and new perspective forms of the trade and economic co-operation have achieved an essential development. In particular, co-operation with British firms on a compensation basis also made good progress.

It is worth mentioning that production co-operation of Soviet enterprises and organisations with British firms has reached a certain level but not a desirable one.

We look upon this form of co-operation as one of the most important and deserving the primary attention. The agreement on guidelines of co-operation between the USSR Ministry of Foreign Trade and British company "Northern Engineering Industries" signed in 1977 was a remarkable example of such co-operation.

The ten-year General Agreement on Co-operation between Soviet foreign trade organisations and Imperial Chemical Industries Ltd. in mutual deliveries of chemicals signed in November 1980 is being implemented. The agreement envisages co-operation of the sides in marketing and production programmes.

Growth and expansion of trade and economic relations between the two countries is highly promoted by the activities of the Permanent Intergovernmental Soviet - British Commission for Co-operation in the Fields of Applied Science, Technology, Trade and Economic Relations set up in 1971, which has already held 9 sessions.


E. F. MANAKHOV

Speaking of the positive trends and achievements in the development of trade and other forms of economic co-operation between the two countries for the past few years, we can't but point out that in 1980, for the first time since 1972, the total value of Soviet-British trade fell back 6% as compared with 1979 and in 1981 it dropped by another 17%. One reason for this is that British firms bought less Soviet goods, in particular, machines and equipment.

While analysing the current situation they sometimes point out that reciprocal trade has been unfavourably affected first of all by recession in the UK and some other economic factors.

Not denying the importance of these circumstances, we would like, however, to stress that unfortunately in recent years the development of trade-economic ties has been made dependent in the UK on political considerations. It is common knowledge, for example, that the British authorities discontinued in 1980 the practice of concluding long-term credit agreements with the USSR on mutually acceptable terms. But giving credits is not charity, it is a universally recognised condition in international trade practice for securing export. It seems evident that no large-scale trade in machinery and equipment can be developed successfully if this trade has no appropriate financial basis. At this point it is worth saying that in the past intergovernmental arrangements on export credits always rendered a great help to British firms to secure important orders for machinery and equipment from the Soviet Union.

As it is generally known, last March new restrictions were imposed by Britain on the import from the Soviet Union of some types of equipment, consumer goods and certain industrial products. These measures cannot favour the development of the reciprocal trade and strengthen confidence between the two countries. We proceed from the fact that not trade limitations but a successful and stable development of trade and economic co-operation meets the interests of both the USSR and the UK and promotes the solution of the economic goals facing the two countries.

The USSR's approach to the development of trade links with the UK is of a consistent and principled nature and is based on plans for the country's economic development which provide for maintaining stable, mutually advantageous trade and economic relations with the capitalist countries, showing interest in co-operation with the USSR.

This fully refers to the UK as well. At the end of last March talks were held in London to review the progress of the implementation of the Long-Term Programme for the development of economic and industrial co-operation between the Soviet Union and the UK and it was agreed and recommended to supplement this programme with new projects. This concerns the expansion of Soviet-British business co-operation first of all in such fields as machine-tool making and the automotive, light, chemical, oil, oil-refining and petrochemical industries of both countries.

We are satisfied to point out in this connection a growing interest displayed by a majority of British companies in developing mutually beneficial trade with the USSR. A number of large, medium and small firms are making noticeable efforts in this direction. As a result, in 1981-82 British companies were awarded Soviet orders for machinery and equipment worth a total of almost £400m. Soviet foreign trade organisations and British firms are currently negotiating the purchase in Britain of various equipment for the chemical, oil, petrochemical, gas, automotive and food industries as well as ferrous metallurgy, engineering and other economic sectors.

We are welcoming business visits of groups of British businessmen to the USSR that have recently become more frequent, with a view to discuss concrete questions of trade and economic co-operation with the Soviet authorities, we also welcome the desire of British firms to take an active part in the trade exhibitions and fairs held in the USSR, to actively participate in seminars and symposia on the problems of British-Soviet trade, etc.

In this connection I would like to mention the trip to the USSR last March of a representative delegation of the London Chamber of Commerce and Industry headed by Mr MacWorth-Young, Chairman of the Board of Morgan Grenfell Ltd. The delegation was received by Leonid Kostandov, a Deputy Prime-Minister of the USSR, by Yuri Brezhnev, First Deputy Minister of Foreign Trade as well as by leading officials of other ministries and departments. The talks were of a businesslike and constructive character, and all the members of the delegation found them useful and interesting.

We, the Trade Delegation of the USSR in the United Kingdom, have always supported and are ready to give in future all the necessary support to trips of British businessmen which have a positive effect on the reciprocal trade.

The Future

Speaking of the prospects of Soviet-British trade, it is necessary to point out, that these prospects will depend, from my point of view, on a number of factors:

Firstly, they will undoubtedly depend on the general climate in which business relations of the two countries are developing, on the earliest removal of those artificial and unjustified obstacles and barriers that are hindering the successful development of trade.

Secondly these prospects will depend on how active the British firms will be in promoting their goods to the Soviet market, in providing for such commercial and financial conditions of deals that would guarantee the competitiveness of their offers and attractiveness of these offers to potential Soviet customers. There is no denying the fact that companies of other western countries are more persistent and flexible in competing for Soviet orders.

It is no mere chance that in 1980-81 when the volume of Soviet-British trade reduced, the USSR turnover with a majority of British rivals from the industrialised capitalist countries substantially increased.

Thirdly, the prospects of Soviet-British trade at large and of British export to the USSR in particular will depend on the successful development of Soviet exports to the British market. Cuts in Soviet exports caused either by recession in the UK or by restrictions of a trade-political nature imposed by the British side can adversely affect the possibilities of an increase in purchases of British goods. It is common knowledge that trade is a two-way movement, therefore the growth of Soviet exports to the UK meets not only our interests but interests of British importers and end users of Soviet goods. In the long run, it is in the interests of those firms who are willing to expand their share of export to our country.

To conclude, I would like to say that Soviet-British business relations have a long-standing history and good traditions. It's obvious that these relations have had ups and downs. However, life confirms *the indisputable fact* that it is an onward and stable development of trade relations and economic co-operation that meets genuine interests of both countries and makes a useful contribution to the cause of mutual understanding and strengthening of mutual trust.

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ADVERTISEMENT

The Soviet economy in 1981

The economic development of Soviet society is a unique phenomenon in the world practice. For more than half a century now, from the late 1920s, the USSR national economy has been progressively and steadily building up its potential without crises. Except for the war years, there has not been a single case of a cutback in the population's real income in the USSR: it grows continually, from year to year. In 1981, the first year of the 11th Five-Year Plan (1981-1985), the per capita real income increased by 3.3% over 1980.

Here are some basic figures characterising the economic and social development of the USSR in 1981. The national income rose by 3.2% over 1980 amounting to 474 billion roubles.* The industrial output increased by 3.4% totalling 643 billion roubles.

The weather conditions were most unfavourable in 1981 which affected the yield of farm produce in the USSR: it was 2% less than in 1980. The three droughts of 1979-1981 were tangibly telling upon the development of Soviet economy, and first of all, upon its agrarian sector. This is what primarily explains the rather modest gain in meat production and approximately a 2% drop in milk production in 1981. The Statistics Service reports however, that the state grain resources can fully meet the population's need for bread and grain products. It is noteworthy that the price of bread remains invariable since 1955 in the USSR, and that of meat and milk — since 1962.

* 1 rouble is approximately 1.5 $US.

The state purchases considerable amounts of grain on the world market to minimize the effects of the droughts on the consumer.

A high level in the consumption of many foodstuffs has been ensured in the USSR: on the average, the daily consumption amounts to 3,280 calories per person, which is more than in many developed countries. However, the food quality does not suit us because it is insufficient in vitamins and proteins and abounds in hydrocarbons. The improvement of food structure is therefore regarded in the USSR as an economic and social priority.

"Orienting the government towards an all-round solution of the food problem, the CPSU Central Committee, as I have already mentioned, has put forward the task of ensuring stable supplies of all types of food for the population, appreciably increasing the consumption of high-quality food products, and substantially improving the structure of food," said Leonid Brezhnev at the May plenum of the Central Committee.

"It is planned to improve the annual production of grain in the 12th Five-Year Plan period to 250-255 million tonnes, meat to 20-20.5 million tonnes, milk to 104-106 million tonnes, vegetables to 37-39 million tonnes, fruits and berries to 14-15 million tonnes."

The strategy of the national development for the 1980s will further orient the economy toward the needs of man and the strengthening of its social trend. This is seen, in a most general form, from the change in the distribution of the national income. The share of the consumption fund in the national income is to account for 78% by 1985 against 75.3% in 1980, i.e. an increase of 2.7%. By comparison: previously, two decades were required to bring about a 2% increase.

The planning of economy for the 11th five-year period envisages a substantial shifting of major proportions toward consumer industries. According to the Statistics Service, in 1981 group B, production of consumer goods, was developing slightly faster than group A, production of means of production. In 1981, the retail sales of clothing and fabrics increased by 6 %, colour TV sets —by 7%, furniture—by 8%, leather footwear—by 9%, tape-recorders—by 10% and cars—by 15% as compared to 1980.

Structure

The structure of capital investments in the national economy is also being improved, with priority being given to consumer branches. Almost one third of investments in the economy is ear-marked for the development and perfection of a unified agro-industrial complex of the country. Under the 11th five-year plan, as much means will be pooled into agriculture, the leading branch of the agro-industrial complex as over the whole period from 1918 to 1970. This will allow the growth rate of farm produce to speed up and increase the average yearly grain harvest by 35 million tons, and meat production by more than 2 million tons. The per capita meat production is to increase by 5 kg and will be brought to 62 kg a year by 1985, milk consumption will amount to 320 kg and eggs to 250 pieces per person. The raising of vegetable and fruit yields is also receiving serious attention.

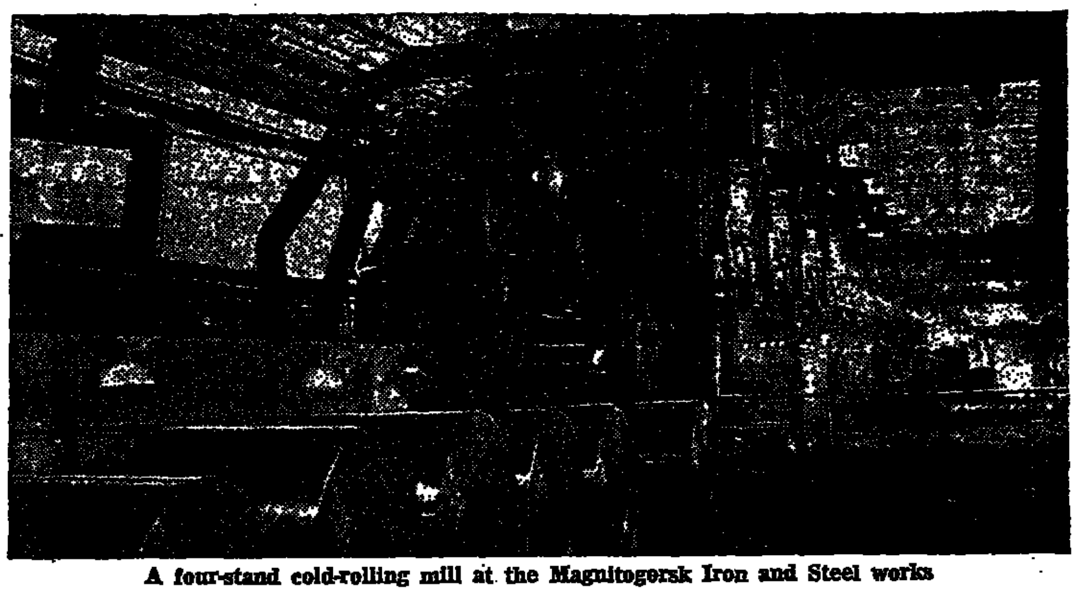
The shortage of some goods, and first of all those of high quality and latest fashions, is still experienced in the USSR because of a number of objective and subjective reasons. In the 11th five-year plan the production rate of these goods will double and triple the rate in the previous five-year period. Sociologists estimate that in the next few years there will be a pressing demand for furniture because of improved dwelling conditions, as well as for refrigerators, vacuum-cleaners, washing and dish-washing machines and air conditioners. According to experts, the high mobility of demand due to the constant and steady growth of cash income and market saturation requires that the manufacture of fundamentally new and improved goods be to the tune of at least 5 billion roubles. Incidentally, the manufacture of colour TV sets is to increase by 2.3 times by 1985 and that of cassette tape-recorders — by 2.2 times over 1980. The production of micro-calculators, electronic watches and reflex cameras is also to see a considerable rise.

Under the 11th five-year plan plenty of scope is allowed for strengthening the material and technical basis of trading. This vital branch of people's economy still lags behind the present-day requirements. It was noted in a government resolution that trade organisations still exert too little influence on the making-up of plans for the manufacture of consumer goods and commit errors in assessing the needs for individual groups of commodities. Sales workers have every opportunity for the development of socialist enterprises and an in-depth analysis of the demand for consumer goods. The elimination of shortcomings in the trade industry will remarkably improve the servicing of population and do away with the shortage of certain goods.

An extensive social programme has been carried out in the USSR in 1981. Two million new apartments were built enabling 10 million people to improve their dwelling conditions. Social security advanced to new heights: pensions were increased for about 14 million people, allowances were extended and cash aid increased to families with children. The expenditure on public health service, education, convalescence and other needs increased by nearly 5% and amounted to 122 billion roubles.

Some figures characterising the development of fuel and power industry in the USSR are of interest. In 1981, 1.325 trillion kWh of electric energy were generated in the country, 609 million tons or 12.2 million barrels a day of oil (including gas condensate) and 465 billion cubic metres of gas (1000 cu m of gas is approximately equivalent to 1 ton of oil) were produced.

Branches that are instrumental in the scientific and technological progress of economy as a whole were developing at the highest pace. The production of instruments increased by 7%, computers by 10%, synthetic resins and plastics — by 12% and NC machine tools—by 13%. Full-scale manufacture of 3,500 titles of new kinds of industrial produce has been introduced.



A four-stand cold-rolling mill at the Magnitogorsk Iron and Steel works

The social and economic programme for the current five-year period (1981-1985) was elaborated by the CPSU 26th Congress. It envisages priority growth of the final economic results over the rise in labour and material costs. Incidentally, over the five years the national income is to increase by 18%, with capital investments in the economy rising by 10.4%.

In 1981, capital investments grew by 3%, while the national income increased by 3.2%. This characteristic feature is indicative of the fact that the Soviet economy is being consistently steered toward intensive development.

Of course, it would be desirable for production efficiency to grow faster, the more so that there are quite a lot of possibilities to raise the standards of work in all the sectors of people's economy. Unfortunately, these reserves are not made good use of everywhere. For instance, in 1981 the plan for the production of mineral fertilisers, timber and ferrous metals was not fulfilled Although the USSR leads the world in the production of the above materials, it is certainly no reason for complacence. In brief, the elimination of the existing shortcomings in the national economy will demand extensive and intensive work.

The USSR foreign trade turnover amounted to about 110 billion roubles in 1981, an increase of nearly 20% over 1980. The socialist countries, and first of all the CMEA countries are the Soviet Union's major trade partners. The trade with developing countries is steadily on the rise. In spite of dramatic deterioration of the international situation, many advanced capitalist countries continue to successfully promote trade with the USSR.

Businesslike and mutually beneficial co-operation between socialist and capitalist countries is the economic basis for peace, a major factor of neighbourly relations among peoples, preservation and evolution of human race. The USSR will continue doing everything possible to promote and consolidate trade and co-operation with all the countries of the world.

Social advance

And now a few words about the country's social development plans for 1982. As before, over 10 million people are going to improve their dwelling conditions in 1982. This figure has long become a kind of a constant, explicitly showing the scope of housing construction in the country. Particular attention is being paid to "the children's sector" of the economy. An enormous number of schools, kindergartens and nurseries are to be built. Subsidies to pre-school establishments are being increased. Even now 80% of the cost of keeping children at kindergartens and nurseries is covered by the state and only 20% by parents. In general, the production of virtually all goods and services for children are partly subsidised by the state. Schools, secondary vocational schools and higher educational establishments are fully kept by the state since all kinds of education are free of charge in the USSR.

In 1982, the higher and secondary institutions will turn out 2.1 million specialists. Expenditure on public health service is rising. More than a million doctors, or one third of the world's total number of them, are working in the USSR. Principal attention is presently being paid to the improvement of the standards of medical service, the development and all-round introduction of advanced diagnostic and treatment apparatus. There is a fast increase in the production of highly effective medicines based on the latest achievements of the Soviet and world pharmacology.

The progress of any country depends on the interaction of many factors. Among them there is a completely unique and special one, known as the human factor. Its implication is quite meaningful. Previously it was mainly philosophers that were interested in it, whereas now it concerns everybody, and economists first of all.

In the past, the interrelations between man and production were such that man had to adapt himself to production. Now the opposite is true: production has to adapt itself to man. It was this concern about the human factor, the adaptation of production to the needs of man that enabled socialism to rid people forever of unemployment, crises, depressions and many other ailments of economy.

There has not been a single case in the USSR of curtailing social programmes. In 1982, for instance, with the growth of the national income being planned at 3 per cent, the expenditure for health service, education, social insurance and other needs will increase by 4.1 per cent. Naturally, there are quite a few difficulties and shortcomings to be faced in the development of Soviet economy. But the Soviet Union's economy is developing progressively and according to a plan, and is entirely directed towards meeting the needs of people and making their life better with every year.

Fifty years of the USSR Chamber of Commerce and Industry

B. V. P. PLETNEV, VICE-PRESIDENT OF THE U.S.S.R. CHAMBER OF COMMERCE AND INDUSTRY

The USSR Chamber of Commerce and Industry set up half a century ago on May 28, 1932, is a public organization called to promote trade, economic, scientific and technological relations of the Soviet Union with foreign countries It was formed when two earlier existing institutions —the USSR West Chamber of Commerce and the USSR East Chamber of Commerce and decided to merge

In the 50 years that have since elapsed, the USSR Chamber of Commerce and Industry has covered a road closely tied up with the economic, industrial, scientific and technological advance of the nation, with expansion and improvement of the Soviet foreign trade.

In the early 30's, the Soviet Union had undertaken to realise the far-reaching plans of the Communist Party to industrialise the country and to develop its own power industrial potential. Foreign trade had contributed greatly to the implementation of these plans thereby equipping the national industry with all the necessary machines, materials and technologies purchased from foreign countries. Hence, the foreign trade helped to accelerate the rates of industrialisation, to build up the Soviet machine building industry and to totally re-equip technologically the national economy.

In the course of the first Five-Year Plan period (1928-1932) foreign trade operations became technically more perfect and were conducted in more efficient ways. In 1930, all export and import operations were handed over to the jurisdiction of 20 All-Union foreign trade organisations. At the same time, all joint-stock trading societies were liquidated. This marked the total victory of the socialist way of life in the country's national economy. Under such circumstances it became imperative to set up an organisation that would deal systematically and on a large scale with promotion of Soviet foreign trade.

The USSR Chamber of Commerce (as it was named back in 1932) became an efficient carrier of business relations with foreign trade and economic establishments, provided assistance to representatives of foreign business quarters in establishing contacts with Soviet foreign trade organisations, assisted and actually conducted Soviet foreign exhibitions and arranged for Soviet displays at international trade fairs.

The first time the Soviet Union ever entered an international trade fair was sixty years ago (1922) in Leipzig. The USSR has since participated in a great many scores of exhibitions and fairs all over the world. The remarkable achievement of the nation became the participation of the Soviet Union in two pre-war World Exhibitions in Paris (1937) and in New York (1939).

In the era preceding industrialisation of the country, the chief traditional Soviet exports at international exhibitions and fairs were represented mainly by timber, oil, grain crops, flax, leather, furs, ore and other raw goods; the remarkable changes came with the advance of the national industry—the USSR displays carried new specimens of the Soviet heavy machine-building industries — tractors, automobiles, machine tools, farm machines and a rich diversity of other industrial equipment.

The end of the Great Patriotic War of 1941-1945 marked a new stage in the development of foreign economic relations of the Soviet Union. The volume of the foreign trade turnover was rapidly growing: in 1946 it totalled about 1.3 bn roubles; ten years later it was five-fold and reached by 1956 the level of 6.5 bn roubles; by 1970 the volume of the foreign trade turnover had grown to 22bn roubles and in 1980 it levelled off at 94 bn roubles. Moreover, the Soviet foreign trade has greatly expanded geographically: today, the Soviet Union has trade partners in 140 countries. The goods structure became far more diverse. New forms of economic co-operation have been conceived and are now widely applied to practice.

The system of Soviet foreign economic ties of today is a complex dynamic and integral branch of the country's national economy. As was much emphasised at the XXVIth Congress of the CPSU, the promotion of economic, scientific and technological relations with foreign countries, and the practice of international division of labour profitable to all participating sides, are the significant trends in the overall activities of the Soviet Union, though the vital importance in all this is attached to all-round co-operation with the socialist countries.

The radical changes in the structure of foreign economic relations of the Soviet Union with foreign countries have greatly amplified the activities of the USSR Chamber of Commerce and Industry and transformed its organisational set-up. The changes led up to the establishment of 14 chambers of commerce and industry in the Union Republics and 7 affiliated branches of the USSR Chamber of Commerce and Industry in Moscow, Leningrad, Krasnodar, Sverdlovsk, Irkutsk, Khabarovsk and in the Far East (Primorsky Branch). In 1972 the USSR Chamber of Commerce was reorganised to become from then onwards the USSR Chamber of Commerce and Industry.

Among the 4,200 associate members of the Chamber are the largest Soviet industrial enterprises, research and development establishments, engineering institutions, foreign and home trading organisations.

Representation abroad

In pursuance of its activities on explaining the principles and the practice of the Soviet foreign economic policy the USSR Chamber of Commerce and Industry has established business contacts with chambers of commerce and equivalent organisations in 80 countries—most of these on a contract basis. The USSR Chamber of Commerce and Industry has representations in Bulgaria, Hungary, the GDR, Poland, Yugoslavia, Austria, Belgium, Portugal, Switzerland. Some Joint Chambers of Commerce are now in full effect; Arab - Soviet, British - Soviet, Italian-Soviet, Finnish-Soviet, French - Soviet, Czechoslovak - Soviet, and also the US-USSR Trade and Economic Council. The USSR Chamber of Commerce and Industry has formed a Hungarian Section and committees on trade development between the Soviet Union and Austria, Benelux countries, Spain, Japan and the FRG.

I would like to call attention to the positive contribution being made by the British-Soviet Chamber of Commerce to the promotion of trade between our countries.

At every stage of development of Soviet-British relations it has invariably acted in the role of promoter of mutually beneficial contacts.

The efficient functioning of the Chamber is assured by its representative character and a broad involvement of large firms and organisations in its activities, both in the UK and the Soviet Union.

To date, the Chamber of Commerce has developed wide-ranging and diverse ties with the Soviet foreign-trade circles. Group trips by representatives of the British business community to the Soviet Union have become the most popular and effective forms of the establishment and promotion of good relations.

Last year the USSR Chamber of Commerce and Industry hosted 10 delegations comprising over 200 British businessmen. They were given the opportunity of visiting some Ministries and foreign trade organisations. Many firms established contacts which yielded useful practical results.

108 contracts between British firms and Soviet organisations, valued at over £130 million —such is the commercial outcome of the trips made to the USSR by delegations of the British-Soviet Chamber of Commerce in the past two years.

In 1981 alone, the USSR Chamber of Commerce and Industry played host to more than two thousand representatives of foreign firms and companies (in addition to the participants of international and foreign exhibitions). The Chamber also received 72 large foreign delegations. The USSR Chamber of Commerce and Industry arranged also for foreign tours of Soviet representatives and delegations, some of these through the offices of the Joint Chambers. One example is the trip of the USSR CCI delegation to the UK last year. Speaking to businessmen in the north of England and Scotland Soviet officials told them about the development of external economic relations of the Soviet Union in the tenth five-year period and the prospects of their development in the current five-year period, about the activities of the USSR Chamber of Commerce and Industry in the promotion of trade between the partner organisations of the two countries.

The Chamber takes an active part in the work of many international economic organizations, like the International Chamber of Commerce, the International Trade Centre UNCTAD/GATT, the International Bureau of Exhibitions,

Continued on Page 3, Column 1

U.S.S.R.—BRITAIN:

Scientific and Technical co-operation

N. BORISOV
(Member of the Soviet side of the Permanent Intergovernmental Soviet-British Commission for Co-operation in the Fields of Applied Science, Technology, Trade and Economic Relations, member of the USSR State Committee for Science and Technology).

The USSR and Britain are maintaining long-standing and varied ties in the field of science and technology which play an essential part in the general scope of Soviet-British relations. These ties are practised on the basis of inter-governmental agreements on promoting the scientific and technical cooperation and the Programme for Scientific and Technological Co-operation between the USSR and Britain signed in Moscow in 1975 for a ten-year period.

In 1971, the Permanent Intergovernmental Soviet - British Commission for Cooperation in the Fields of Applied Science, *Technology, Trade and Economic* Relations was set up to specify the main directions of co-operation between the two countries, to improve the established scientific, technical and trade links, and to clarify the most pressing projects for long-term economic cooperation.

Joint efforts

The content of the scientific and technical cooperation is mainly aimed at the implementation of the Long-Term Programme which covers, among other things, such industries as power engineering, chemistry and petrochemistry, oil production, machine-tool building, electronics, instrument-making and others, as well as agriculture and fundamental research.

Bilateral ties were also maintained through eight Soviet-British joint working groups *and under 14 agreements on* scientific and technical co-operation between the USSR State Committee for Science and Technology and British companies and organisations.

Within the framework of the working groups, representatives of the involved ministries, enterprises, institutes, firms, universities and research centres dealt with questions concerning the forms and implementation of cooperation on problems of mutual interest. Along with the tackling of problems of an applied nature, as for example, designing of machines, equipment and instruments, in*formation was being exchanged* on the theoretical and practical aspects of tribology and corrosion protection of metals.

The working group for coal industry represented by the Ministry of Coal Industry on the Soviet side and the National Coal Board and "Anderson Strathclyde" on the British side has yielded the most tangible results by today. Owing to joint development work, a pilot model of an automated entry-driving machine will be engineered in 1982 to operate in hard rock. This machine has no analogues in the world practice, and its joint quantity-manufacture in the future can be highly profitable.

Other working groups also had their accomplishments, and although their joint efforts not always resulted in the designing of machines and instruments or theoretical developments, the *exchange of scientific and tech*nical information, the testing of instruments and equipment conducted by them, as well as joint publications, conferences and topical symposiums were undoubtedly to mutual advantage.

The agreements between the USSR State Committee for Science and Technology and British companies embrace such branches of industry as production of synthetic materials, pesticides, dyes and paints, automobile tyres and rubber-engineering articles (ICI, Shell, Dunlop, Revertex); oil production, transportation and refining (British Petroleum); radio electronics, electrical engineering, communications systems and radio engineering (Plessey, General Electric Solartron, Marconi).

In the main, cooperation under agreements with the companies was carried out in the form of exchanges of information and product specimens to probe possibilities for establishing trade and economic ties. As a result of this scientific and technical cooperation, Soviet organisations have signed contracts with these companies for purchases of chemicals, instruments and know-how from them.

Cooperation between Soviet and British institutions in the field of fundamental and applied studies was further extended. Scientists from the USSR Academy of Sciences, the Jodrell Bank Radio-astronomical Observatory and the Royal Astronomical Observatory carried out programmes for joint observations in the area of radio astronomy and optical astronomy using both Soviet and British instrumentation. They have jointly designed an opto-electronic camera which opens up great possibilities in studying superfast processes in quantum electronics. Exchanges of scientists, equipment and scientific information were practised to conduct experiments on the development and application of synchrotron radiation.

In the opinion of the participating Soviet and British institutions, the exchange has brought positive results. There are also problems still to be solved, such as enhancing the effectiveness of scientific and technical co-operation, its closer link-up with industrial and economic co-operation, improvement in the exchange of information, licensing and patenting activity.

It is therefore all the more a pity to observe that the British government's recently announced sanctions aimed at restricting the scientific and technical links in a number of areas inflict certain losses to the cooperation. The negative effect of these sanctions is seen not only in the reduction of the scope and intensity of cooperation, but also in the fact that it is deprived of stability and reliability.

The Soviet Union has always stood firm for the development of mutually advantageous scientific and technical cooperation and does so now, too. As before, the USSR is prepared to deepen and extend its links with Britain. We are confident that the above complications are of *a temporary character and after* they are overcome Soviet scientists together with their British counterparts will be able to continue making their joint contribution to the cause of developing and speeding up the world's scientific and technical progress.

Commercial co-operation strengthens market positions of the partners

BY I. I. KRETOV
SENIOR EXPERT V/O ENERGOMACHEXPORT

The All-Union Foreign Trade Association ENERGOMACHEXPORT has acted as an independent body since the spring of 1966. The main result is a dramatic increase in trade which now exceeds the level of 1967 more than tenfold.

By following the principles of Soviet foreign trade based on mutual benefit, equality of the partners, non-interference in internal affairs and strict adherence to contractual commitments, which had proved their worth in practice, V/O ENERGOMACHEXPORT has considerably diversified the geography of its exports and imports and established regular business relations with over 600 companies and organisations in 74 *countries*.

"Russian Plasma" (UPS-301) used for plasma welding of stainless steel.

Exports

Due to the already established international division of labour within the framework of socialist economic integration, V/O ENERGOMACHEXPORT supplies large quantities of machinery and industrial equipment to socialist countries on the basis of long-term contracts and agreements on specialisation and co-operation in production between industries of the Soviet Union and socialist countries. The supplies are planned and tend to be constantly increasing.

The non-socialist sector of the world market, too, accounts for quite large transactions. In severe competition, V/O ENERGOMACHEXPORT won orders for and supplied large amounts of power-generating plant for thermal and hydraulic power stations in Brazil, Greece, India, Italy, Iceland, Canada, Morocco, Norway, Finland, Japan and other countries. The total power of the plants supplied to those countries for 15 years by the Association exceeds 20m kW. A part of this equipment has been and is still being supplied in consortium with a number of major West German and French companies, such as Deutsche Babcock, Brown Bovery (Mannheim) Energieverfahrungstechnic, KSB, Mannesmann, Alsthom Atlantique, Stein-Industrie and Bailey.

V/O ENERGOMACHEXPORT had tried to place orders for some equipment to complete electric power stations also in the UK, but the bids of British companies proved to be less competitive, mostly commercially, than those of their counterparts in other countries. But still, British experience and high expertise have played a part in the Soviet power-generating equipment entering the markets of third countries.

V/O ENERGOMACHEXPORT has supplied individual units and components of power-generating and electric equipment to the UK. Thus, several tens of electric generator forgings were delivered on order of General Electric Co in the 70s. Birvelco bought from V/O ENERGOMACHEXPORT in the same period several tens of rotary converters for electro-thermal equipment produced by British factories for domestic use as well as for export to third countries.

Ordered by Rank Xerox and in accordance with the company's specification, some Soviet factories developed and produced five types of special-purpose electric motors to be built into the Xerox 3600 copier. The company received a total of 50 thousand of such motors through V/O ENERGOMACHEXPORT for the purpose. Other Soviet-made special-purpose and standard electric motors as well as electric industrial products, including arc-welding equipment, are also in demand among British companies.

The present stage of the technological revolution and the concept of international marketing put forward co-operation in science and engineering, in industry and, in the long run, in commerce as a most important aspect of international economic relations at this stage of social development. It is the co-operation beyond the limits of national borders that makes it possible to use more fully the material and engineering resources and industrial potential of the partners, to improve the competitiveness of their products and to complement one another both in supply of finished products to their domestic markets and, more important, to enter the markets of third countries with their sophisticated engineering equipment.

The market for machinery and equipment in the UK, as well as in some other industrial countries, is quite specific due to high requirements for novelty and quality of the equipment to be offered and some differences in standards for engineering and industrial electric products. It is often un*profitable for the Soviet* supplier to offer complete machinery apparatus or plants to British companies. The development of such products in full compliance with the specifications and standards existing in that country involves considerable extra expenses which frequently put the profitability of such operations into doubt. This is the reason why V/O ENERGOMACHEXPORT actively seeks co-operation with British companies in addition to supplies of finished products.

Co-operation

A good example in this respect is a joint production of the UPS-301 plasma welding installation which is marketed outside the Soviet Union under a trademark of "Russian Plasma." This co-operative venture organised by V/O ENERGOMACHEXPORT involves the Electric Industrial Association in Leningrad, the major Soviet producer of electric welding equipment, and the Northern Engineering Industries of Great Britain. The basic model of the UPS-301 installation had been developed by the All-Union R and D Institute of Electric Welding Equipment and is produced commercially by the "Electrik" factory. Plasma welding has some obvious advantages. In addition to producing a high quality weld, a jet of plasma used there allows to localise the area of heating the welded surfaces to a maximum. The installation welds sheets of copper and its alloys 0.5 to 4 mm thick, stainless steel between 0.5 and 5.0 mm thick and aluminium 1.0 to 8.0 mm thick. Three international diplomas and four gold medals of international fairs and exhibitions attest to the advantages of the UPS-301 being internationally recognised.

Engineers of NEI and the "Electrik" factory reached agreement on specifications, documentation and parameters for the installation to be produced. V/O ENERGOMACHEXPORT negotiated mutual supplies, prices and other commercial terms of the transaction. The parties agreed that NEI would produce control units for the installations and the power equipment and plasma torches would be the responsibility of the "Electrik." The results of testing the new installation had been quite good and the first consignment of the Russian Plasma was delivered to the British market already in 1981. We believe that such a co-operation will expand considerably the commercial scope of the partners.

V/O ENERGOMACHEXPORT places some hopes on the Umo Plant company, in which it is a shareholder, for development of operations with machinery and equipment in the market of the UK. The idea is to supply several types of basic products to complete on the spot so that the British user would receive the equipment in full compliance with the country's standards and individual requests of the purchasers.

As far as the activities on the British market are concerned, close attention is given to advertising and the use of various media aimed specifically at our potential buyers in order to inform them about technical and commercial capabilities of V/O ENERGOMACHEXPORT in the supply of machinery, equipment, know-how and services. The Association regularly participates in international exhibitions, arranges for demon*stration of various machines* during specialised expositions of its own and distributes its Energoexport journal (of which 14 issues have been published so far). All these measures help to get in touch with potential purchasers and to find partners interested in co-operation.

It is not always easy, of course, to make up one's mind to buy new equipment and know-how. In addition to the force of habit and certain conservatism, quite legitimate doubts may arise in this case: is the new really better than the old? That is why the seller has to exercise the utmost tact and patience in promoting new products based on new concepts and the latest achievements of science and technology, especially so when the promotion is aimed at such a complex and specific market as the British one. V/O ENERGOMACHEXPORT has an experience of technical talks lasting sometimes for several years but if the seller and buyer take them seriously, they are generally crowned with interesting and promising deals.

Negotiations are in progress now with some British companies on electroslag units, gas utilisation and compressorless turbine sets where the surplus pressure of blast furnace gas is used to generate electric power, on arc welders, turbogenerators for gas turbines and electric motors for various purposes.

Continued Page 4, Col. 8

50 years of the USSR Chamber of Commerce and Industry

Continued from Page 2, Col. 8

the Union of International Fairs, the Association of International Trade Centres, and some others. Representatives of the USSR Chamber of Commerce and Industry participate in the work of the Conference of Commerce Chambers of the Baltic Sea nations, the Soviet Committee for European Security and Co-operation, the movement for "New Initiatives in East-West co-operation".

To promote and further perfect the diverse forms of foreign economic relations and to comply more effectively with the requirements of the Soviet foreign trade organisations and their foreign partners the Soviet Union has built in Moscow the Centre for international trade and scientific and technological relations with foreign countries, which has been placed under the aegis of the USSR Chamber of Commerce and Industry and is run commercially by the All-Union Association SOVINCENTR set up within the framework of the Chamber.

Currently, the USSR Chamber of Commerce and Industry helps in arranging 20 to 25 Soviet displays abroad each year, as compared to the total figure of 52 exhibitions during the whole pre-war period. In the course of the 10th Five-Year Plan period alone (1976-1980) the Chamber assisted in conducting 160 Soviet displays in 55 countries, including 7 displays at national exhibitions; 107—at international trade fairs and 28—at joint specialized exhibitions, visited by 107m guests all over the world, displayed 500,000 specimens of the Soviet national product. In 1981 the USSR Chamber of Commerce and Industry arranged for 23 exhibitions in 19 countries, including National USSR Exhibitions in Mexico (Mexico) and Ulan-Bator (Mongolia), international trade fairs in Leipzig (the GDR), Plovdiv (Bulgaria), Barcelona (Spain), Delhi (India).

In close collaboration with the USSR Ministry of Foreign Trade, the USSR State Committee on Science and Technology and some other organizations participating in economic co-operation with foreign countries the USSR Chamber of Commerce and Industry conceives and proposes the subjects for international and foreign exhibitions in the USSR and sends out invitations to foreign companies to take part in such displays.

Exhibitions and Fairs

The history of foreign exhibitions in the Soviet Union dates back to 1946 and began with Finland's industrial exhibition held in Moscow. Since that time, the scale of participation of foreign firms and companies in exhibitions held in the USSR has incom*parably increased as well as the* number of all kinds of displays held in our country. As compared to the years 1946 to 1958, when only 42 foreign exhibitions were held in the Soviet Union, mostly in Moscow, the years 1959 to 1963 witnessed 156 foreign exhibi*tions, and in the recent years* as many as 200 exhibitions are held annually in the USSR in more than 50 cities all over the country. All these displays are conducted through the offices of V/O EXPOCENTR under the USSR Chamber of Commerce and Industry.

In 1976-1980, more than 50 cities in the Soviet Union held altogether 1065 foreign displays of all kinds, including 85 international exhibitions where 22,000 firms and companies from 41 countries presented 800,000 exhibits. More than 20m people visited the ex*hibitions. In 1981 alone,* the Chamber helped in conducting about 200 displays of all kinds in the USSR, including 25 international exhibitions such as "Stroidormash", "Bearings", "Communications", "Welding", "Bytchim", and the National Exhibition of the Socialist Republic of Romania.

Last year British firms took part in 25 international and specialized exhibitions held in the Soviet Union. Besides, Moscow was the venue of 14 seminars and symposia conducted by British firms at which Soviet specialists familiarized themselves with new samples of goods turned out by British industry.

During the current Five-Year Plan period our country plans to conduct three to four large international exhibitions each year which are to cover the most vital branches of the national economy, though a distinct trend is observed to repeat regularly displays on the most essential subjects. For instance, a large display "Chemistry" will be set up in the USSR for the fifth time, "Inrybprom"—for the fourth time, "Electro" and "Public Health"—for the third time.

The activities of the USSR Chamber of Commerce and Industry in other spheres are equally wide and varying. In the field of patenting the Chamber renders services to 3,500 Soviet enterprises and organizations which patent their inventions in 60 countries. In the mid-fifties, patents for Soviet inventions were protected only in 12 countries.

Presently, as many as 3,500 patent and trade mark claims are channelled through the Chamber to foreign countries. In the pre-war years, the total number of Soviet patent and trade mark claims to be registered abroad were a mere 120-150 a year. Today, more than 2,500 foreign firms from 65 countries patent annually their inventions in our country.

Further efforts

A significant increase in the trade in machines, industrial equipment and consumer goods brought about a sharp growth of the volume of work exercised by the USSR Chamber of Commerce and Industry on quality control and verification of the quantities of goods supplied. The Chamber arranges for about 1.5m appraisals of various goods each year with the help of 340 goods appraisal bureaux and teams of experts in 280 cities, ports and border terminals in the Soviet Union. For easier comparison it will be relevant to mention that back in 1928—the very first year the Bureau of Goods Appraisal under the North-Western Chamber of Commerce started its operations—only 500 appraisal procedures were held altogether; in 1951 the figure increased to 10,000, in 1958—to 32,000 and in 1960 it reached 100,000.

The volume of activities carried out by the USSR Chamber of Commerce and Industry in the fields of information and translations has greatly increased in the past few years. Much of this work is carried out by the Chamber-affiliated commissions on foreign trade and marine arbitration, the Bureau of dispatchers, the legal section, the merchant marine and marine law section, the section on protection of industrial property and marketing.

In conclusion it could be said that the USSR Chamber of Commerce and Industry has grown over its half-a-century history into a large establish*ment and accumulated vast* experience in the development of trade and economic as well as scientific and technological relations between the Soviet Union and foreign countries. We are absolutely confident that in the future the USSR Chamber of Commerce and Industry will make a great contribution to the fulfilment of vital tasks set forth by the Communist Party and the Government of the Soviet Union in the field of foreign economic relations with the view to further perfection of all-round co-operation with foreign firms and organisations in the cause of peace and safety of all nations on our planet.

These days, when the most aggressive forces, primarily in the United States, are threatening the Soviet Union with economic sanctions the USSR Chamber of Commerce and Industry is applying still greater efforts in order to develop and strengthen business relations with countries of different social systems, thereby promoting in every possible way the cause of practical implementation of the statements set forth by the Final Act signed in Helsinki. Comrade L. I. Brezhnev, General Secretary of the CPSU and Chairman of the Presidium of the Supreme Soviet of the USSR, declared: "We, in the Soviet Union, always see in equal and free trade not only a good means to satisfy the material interests of participating sides, but, foremost, a powerful factor to strengthen peace and good relations among the nations."

LICENSINTORG for scientific and technological progress

BY B. E. KURAKIN,
GENERAL DIRECTOR OF V/O LICENSINTORG

Our Foreign Trade Association does steady business with more than 2,000 firms and organisations in 34 countries. To date we have signed more than 1,000 export and import agreements and contracts. But it is not only a matter of statistics. By exchanging licences, know-how and other industrial property rights with foreign firms, LICENSINTORG contributes to the solution of vital global and local problems. This is an important factor in the economic progress of the Soviet Union and of the countries the Association has trade partners in.

In its export and import transactions LICENSINTORG has been representing the interests of Soviet inventors and organisations on the international market for about 20 years now.

Many of the toughest modern technological problems have been solved in the USSR. LICENSINTORG has signed licence agreements and contracts with importing and industrial firms granting them the right to use Soviet inventions such as the evaporative cooling of blast furnaces; vertical, curvilinear and horizontal continuous steel casting plants; liquid self-hardening sands for making foundry moulds; diaphragmless air-tight electrolysers; the continuous casting of aluminium and copper into contactless electromagnetic moulds; the cold rolling of extra-thin-wall tubes of churlish alloys; the electroslag refining which ensures high physico-mechanical properties of metal; filter presses for a highly-efficient purification of liquids; high-speed pneumatic spinning machines; suturing surgical instruments and various highly effective medicinal preparations; techniques of baking Russian rye bread and producing champagne-type sparkling wines. . . . It is hardly possible or necessary to enumerate them all. I should only like to call the readers' attention to the fact that our association sells licences for inventions in practically all the key spheres of modern science and technology.

We offer a selection of more than 1,500 inventions, a rather modest figure it would seem compared with the 80,000-85,000 new inventions entered in the USSR State Register every year. On closer examination the contrast is not so striking, after all.

The point is, LICENSINTORG does not offer on the foreign market all Soviet inventions but only those recommended for sale by the Ministries and Departments of the USSR and of the Union Republics. These organisations have efficient patent and licence services which analyse the current trends in scientific and technological progress and the problems facing the industry at the moment, and select the inventions to be offered for sale on the foreign market. A foreign buyer can always choose the inventions best suited to solve his problems at minimum cost and with maximum profit. In conjunction with LICENSINTORG, these services save the prospective buyers' time and save them the trouble of studying all the patent literature published in the USSR.

All the inventions recommended for export go through production or reproduction tests. This is one of the major demands LICENSINTORG makes regarding the inventions offered for sale on the foreign market. Besides, this saves our clients' time. LICENSINTORG arranges for them to visit the factories where the inventions of their choice are in use, and to meet the inventors.

LICENSINTORG promotes the development of all kinds of business links between Soviet organisations and licence importers.

Partnership

A good case in point is the special agreement under which Italy's Nuovo Pignone company and the USSR's research institute TSNIKHBI are improving, by joint effort, a Soviet-invented multi-shed loom. We hear from the company that things are going well, and that a new—more convenient and efficient—modification of the loom has been put into quantity production.

At times, LICENSINTORG acts as a sales representative of industrial enterprises which, though operating in different countries, have developed a joint product.

In addition, LICENSINTORG signs compensation agreements, such as the contract for selling to the USSR a licence to use the sports footwear manufacturing process developed by the Adidas company (FRG). The FRG is to supply to the USSR some of the materials involved, while the USSR is to deliver to the Adidas company about 15 per cent of the footwear output as payment for the licence and the materials.

LICENSINTORG provides for co-operation between holders of Soviet licences operating in different countries. By mutual agreement LICENSINTORG and these firms set up "Licencees' Clubs" to exchange information about the latest achievements in science and technology.

The holders of licences for the blast furnace evaporative cooling system set up their "Licencees' Club" which held sessions in Donetsk, USSR, in 1973; in Tokyo in 1976 and in Oberhausen FRG, in 1979. Each session left its participants deeply satisfied by a frank and professional discussion which would have been well-nigh impossible under different circumstances.

Another club was set up during the 1978 Moscow conference for the firms which had purchased from V/O LICENSINTORG the licence to use the dry coke quenching process. Dry coke quenching installations (USTK) have been built in many countries by such firms as Nippon Kokan, Nippon Steel, Ishi Kawajima-Harima Heavy Industries Co. Ltd., IHI (Japan), Italimpianti (Italy), Altos Hornos (Spain), Uzin-export-import (Romania), Centrozap (Poland). These installations recover a substantial proportion on the energy spent on heating coal in the process of coking and, what is more, discharge no phenol-contaminated sewage or dust and gases into the air. Soviet specialists have made reports on new developments in the field of dry coke quenching, on new USTK designs, on their efficiency and operation at Soviet industrial enterprises. Spokesmen of Japanese firms reported on the installations' work in Japan. After that, the visitors inspected a dry coke quenching installation functioning at the Western Siberian Metallurgical Works in Novosibirsk.

In its dealings with foreign firms, LICENSINTORG uses an effective form of co-operation—setting up mixed firms carrying out licence sale transactions abroad.

The first of these companies, Tecnicon, established in Genoa, Italy, in 1978, is a typical engineering setup which designs various industrial installations and draws upon the experience and potentialities of its founders—LICENSINTORG and Italimpianti. The Tecnicon depends for its operation on a network of LICENSINTORG's dealers in 25 countries, Italimpianti's daughter companies and branches. The designs created by the Tecnicon embody the most advanced ideas put forward by the founding companies. Having access to an enormous wealth of information, Tecnicon can work out optimum versions of designs, equipment delivery and construction schemes.

Another firm, Technounion, was set up in the FRG in 1979 along the same lines, its founder are Ferrostahl (FRG) and LICENSINTORG. The LICENSINTORG board feels sure that this form of co-operation will develop in other countries as well, and last for years. Its mutual benefits are obvious to all partners.

LICENSINTORG's import is dovetailed with Soviet economic development plants which set the policy of Soviet industrial ministries and other organisations as regards the acquisition of licences for foreign inventions and know-how.

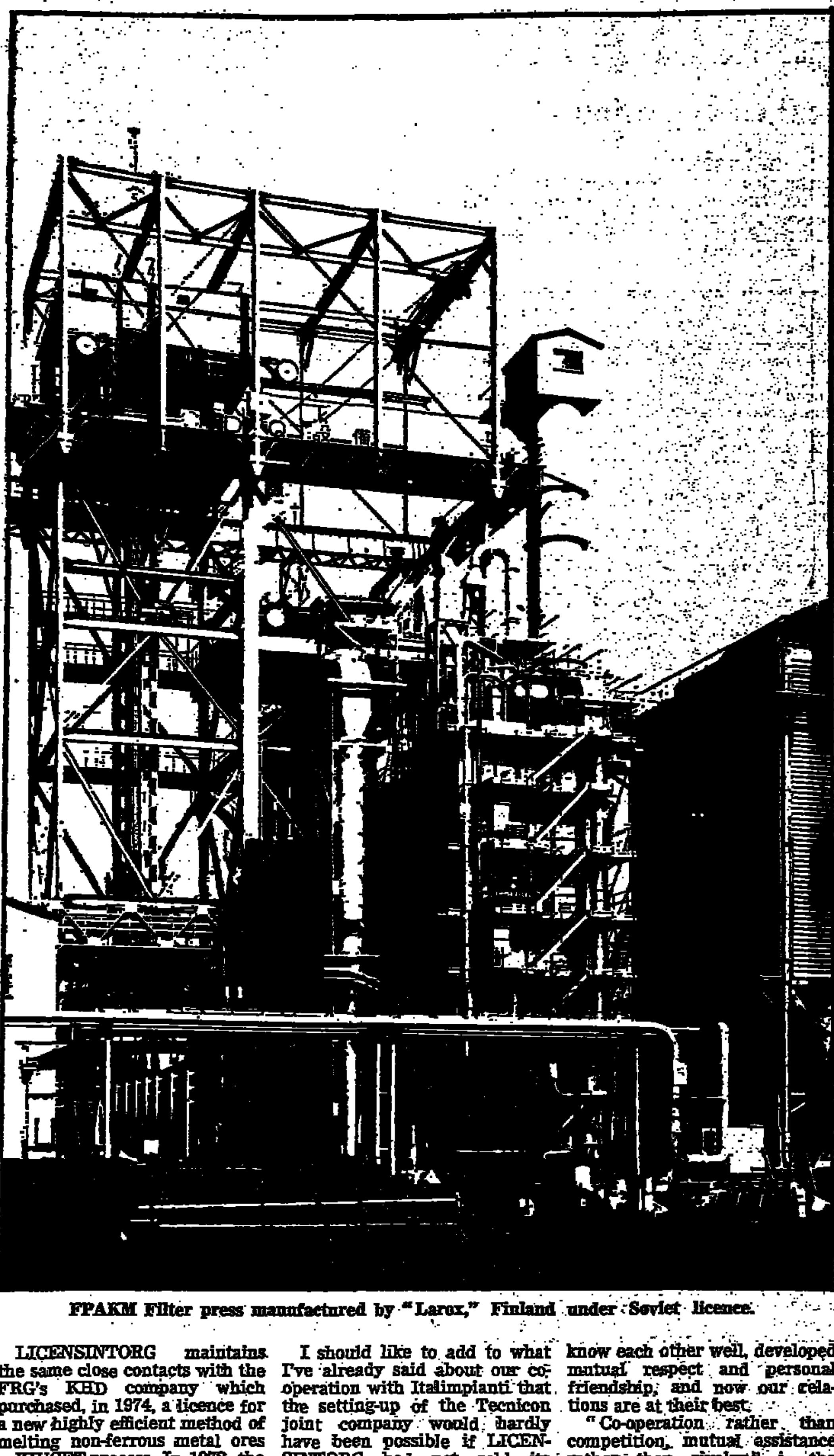
For our licence-exporting partners' information, these ministeries and organisations often don't like to wait for Soviet industrial enterprises to bring a licence to a commercial level. In these cases, licensors have a chance to deliver the appropriate products to the USSR, and LICENSINTORG is always prepared to consider export offers. The immense capacity of the Soviet market is common knowledge. . .

As for licences proper, LICENSINTORG maintains active co-operation with such firms as Technokommerz (GDR), Foseco (Britain), Burmaister og Wain (Denmark), FIAT (Italy), General Electric (USA), Siemens and Deutsche Babcock (FRG), BBC (Switzerland), Alfa Laval AB (Sweden), Iwasaki Electric and Toshiba Corp. (Japan) and many others which, unfortunately, cannot be listed here for lack of space but with whom we are doing mutually-profitable business.

Success

We are satisfied with the stability of contacts between LICENSINTORG and our foreign partners. Here is one example. Back in 1965, Japan's Kobe Steel bought the first licence offered by LICENSINTORG for export—to produce vertical continuous steel casting plants (UNRS). Soviet inventors kept improving this equipment, and years later, in 1972, the same firm purchased a new licence—for a curvilinear UNRS plant, a more efficient and profitable one.

In 1968, Nippon Steel bought a licence from LICENSINTORG to use evaporative cooling systems (SIO) for blast furnaces and other installations of this kind and, in 1974, a licence to produce dry coke quenching plants (USTK). The firm has built in Japan several UNRS, SIO and USTK installations and continues to design new ones of this type on the basis of Soviet licences and know-how.



FFAKM Filter press manufactured by "Larox," Finland under Soviet licence.

LICENSINTORG maintains the same close contacts with the FRG's KHD company which purchased, in 1974, a licence for a new highly efficient method of melting non-ferrous metal ores—KIVCET-process. In 1978, the firm bought a new licence for an improved version of this process and for a modernised installation to effect it.

I should like to add to what I've already said about our co-operation with Italimpianti that the setting-up of the Tecnicon joint company would hardly have been possible if LICENSINTORG had not sold its Italian partner a licence for the SIO in 1972 and a licence for the USTK in 1974. While transacting these deals we came to know each other well, developed mutual respect and personal friendship, and now our relations are at their best.

"Co-operation rather than competition, mutual assistance rather than rivalry" is the principle LICENSINTORG follows in its business activities. Our partners know that we always stick to this motto.

Traditional Folk Art

Nowadays, you can hardly find a place in the world where the beautiful and inimitable Russian Matreshka dolls have not been seen and admired. Smiling openly and gaily, they spread the joy of knowing the centuries-old folk art of Russia. The bright, merry Matreshka doll is often called the symbol of this art—and the lacquer paintings created by the artists of Palekh, Fedoskino, Mstera, Kholui are deservingly considered the pinnacle of this art. Captured in a few square centimetres you can see ancient heroes engaged in deadly battles ... troikas rushing ... fairy-tale birds in flight ... white snow glistening in the sun ... huge waves breaking against rocks ... The magic, inimitable paintings.

Long is the list of items made by the true artisans who have inherited their skill from their fathers, grand- and great-grandfathers. It is they who turn out the famous Khokhloma wooden cups, dishes and tableware in the ancient village on the Volga shores and paint them bright golden colours. It is they who carve from wood the unbelievably mobile bears, hares, foxes and cranes in the old Bogorodskoye village. It is they who mould clay into multicolour Dymkovo toys, paint magnificent flowers on Zhostovo iron trays, cast simple iron into wonderful Kasli figurines ... Every item is the embodiment of the folk art, of the history of the people. The art is centuries-old. It will live forever.

Continued from Page 3

We have been trying to find, for some years now a reliable and mutually beneficial basis for co-operation in exchange for equipment and know-how with British Steel Corp., a major British producer. We feel that this field of possible co-operation holds good promise in spite of a marked recession in Western Europe lately.

As has been mentioned above, V/O ENERGOMACHEXPORT has a lot of experience in co-operation with some Western companies as a member of consortiums supplying complete equipment to third countries. We are willing to seek patiently and carefully ways of co-operation with British producers of power-generating machinery in such joint ventures because these ways of effective co-operation promote mutual interests of the parties.

UK COMPANY NEWS

Heavy second half losses put B. Elliott in the red

HEAVY second half losses pushed B. Elliott and Company, manufacturer of machine tools and engineering products, into the red in teh year ending March 31 1982. The second half losses amounted to £2.62m against profits of £3.4m, and the deficit for the full year was £1.49m compared with pre-tax profits of £6.56m.

Mr Mark Russell, the chairman, says the year turned out to be "worse than we expected when we announced the interim results last November." The company was then experiencing a slight improvement in order levels in the United Kingdom, "but this recovery fizzled out in the last quarter."

At the same time, the company encountered a worsening of the already depressed North American markets and saw South Africa and Australia joining the rest of the world in recession.

In the circumstances, the directors are not recommending a final dividend, thus restricting the total distribution to 2p paid as an interim dividend. Last year's final was 3p for a total of 5p.

Looking ahead, Mr Russell says the outlook for the immediate future is not bright and he expects the group to continue to incur trading losses in the coming months. The directors are determined, however, to produce a positive cash flow to enable it to develop more promising projects.

In the longer term, however, he says the prospects for the group must be good.

Commenting on the year's working, he says all the group's manufacturing and merchanting companies suffered from the low level of activity in the mechanical engineering sector in the UK. Home sales fell from £51m to £42m, but exports remained relatively static at £15m (£16m).

While there were no plant closures, he says the group was forced to make a number of redundancies, and by the year end the number of employees in the UK was down to 1,800 compared with 3,200 at the start of the recession.

He says the Leicester foundry was particularly badly hit by the decline in demand for castings from the commercial vehicle, mechanical handling and off-highway vehicle sectors. Production was ended on the Moldmaster plant, which had been installed to serve these markets.

Although the closure came at the end of the financial year, provision for the costs has been made as an extraordinary item. Despite this setback, the group is continuing to invest in the development of other foundry operations.

Mr Russell says Goldfields Industrial Corporation, in South Africa, although not repeating its record profit of the previous year, had another good year with pre-tax profits of £3.33m on sales of £32.2m.

In North America, the deterioration in market conditions, mentioned by the chairman in his interim report, was aggravated by continuing high real interest rates. Demand for machine tools generally plummeted to a very low level and the drop in orders for imported machinery was particularly severe.

The group's external turnover for the year was down from £111.97m to £105.21m. Trading profits fell from £9.9m to £2.74m. Depreciation rose from £2.08m to £2.21m and interest charges were higher at £2.02m against £1.27m.

There was a tax charge of £780,000 against £389,000. Minorities took £360,000 (£1.11m) and there was an extraordinary debit of £2.49m (£2.75m). The extraordinary items comprise costs associated with factory closures and other significant reductions in plant capacity. After dividends of £349,000 (£1.38m), the retained loss emerged at £5.97m against a retained profit of £984,000.

On a CCA basis, there was a pre-tax loss of £3.62m (£3.65m profit).

● **comment**

The misfortunes of the machine tool industry are graphically represented by B. Elliott's share price since profits peaked two years ago at £11.4m. At 260p the shares weer then discounting a reasonably smooth ride through the recession. Yesterday's 53p—down a further 13p—shows how hollow those expectations were. Probably the most depressing aspect of the results—even though the figures are worse than expected—is the evidence that conditions in Elliott's markets are still thoroughly gloomy. Even South Africa, where it was still possible to make £3.3m before tax, fell short of 1981 by almost 30 per cent, and has gone considerably quieter. North America, which turned down by more than £3m into the red, will at least require no further injections of cash; having taken a bath, Elliott has turned off the tap, closing manufacturing operations and halving the sales force. As for the UK, which flattered with a temporary 15 per cent improvement in order levels during the last few months of 1981, volume recovery is not envisaged. In the end, it was a look at the order book which removed Elliott's inclination to pay a final dividend.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Burco Dean, Grootvlei Proprietary Mines, Johnson and Firth Brown, Merievale Consolidated Mines, St Helena Gold Mines, Weerwell.

Finals—Bisichi Tin, Pilkington Bros, UKO International, Henry Wigfall.

FUTURE DATES

Interims—

Handys and Hansons	June 30

Finals—

Austin (E.)	June 23
Country and New Town Props.	June 16
Parrish (J. T.)	June 15
Sangers	June 24
Staveley Industries	June 17
WGI	June 14

Sonic Sound in loss at £0.6m

A DECLINE into pre-tax losses of £588,491 has been shown by Sonic Sound Audio Holdings, electronic equipment retailer, for the six months to May 1, 1982, despite turnover ahead by £2.59m to £4.49m. In the corresponding period of 1980-81 there was a profit of £353,610.

"The company has experienced an increase in trading volume in the first six weeks of the second half," says Mr Lionel Astor, chairman, and predicts that there will be a marked improvement in the results of the last six months.

An interim dividend of 0.5p has been declared. Last year a total of 4.48p was paid from pretax profits of £804,957 on turnover of £4.73m.

A major expansion programme was started last year involving expenditure of about £0.5m. Results in the first two months were encouraging, says Mr Astor, confirming the anticipated upward trend in trading.

The factors which disrupted this trading pattern, according to Mr Astor, included the prolonged recession, "one of the most severe winters seen for over 10 years, six weeks of chaos on the railways, as well as disruptions on London Transport, including resistance to fare increases."

Interest costs for the period trebled from £50,000 to £150,000. There was an exceptional debit this time of £30,000, and a charge for tax last time of £60,000.

Since the end of the first half, the financial director, Mr Henry Shaw, has resigned because of ill health.

● **comment**

Sonic's figures are appalling. Last year's dramatic dash for physical growth was ill-timed to say the very least. Before it went public in January 1981 a large concentration of concessionaires in the shops paying rent and commission meant that Sonic's overheads were virtually covered no matter what. The new openings removed that safety net. Sonic tried to do too much too quickly. Overheads and stocks shot up and borrowings soared reaching a peak of £1.4m. That might just have been manageable if sales had held but a collapse in demand and subsequent price war left Sonic awash with red figures. This half-time loss is after a profit of £150,000 in the first two months. Stocks have been chopped and though there is room to squeeze out another £½m that would still leave borrowings of £1m against shareholders' funds of under £0.9m. Now Sonic is talking of closing two or three of the shops it opened just last year. The second half may be better but there is no hope of a profit. Prompted by a share price already on the skids—down from 129p to 72p—the company made an official statement last week warning of a poor set of figures.

Burrough improves to £3.53m

AN EASING of the destocking that occurred in the first six months and close cost control were reflected in the improved pre-tax profits at James Burrough for the year to February 28 1982. The surplus of this distiller of gin rose by 12 per cent to £3.53m on sales of £36.31m against £34.46m.

"This was a better result than anticipated at the half-year stage," says Mr Norman Burrough, chairman. Commenting on future prospects he says that in spite of continuing recession in many markets, the company's brands remain strong. "I am hopeful that the coming year will see a further improvement in profits," he says.

Beefeater Gin continued to dominate the imported gin market in the U.S. and Canada. In the UK Mr Burrough says that Beefeater Gin increased its market share despite a decline in total gin sales, and in the rest of the world results were satisfactory in difficult trading conditions.

A second net interim of 4.9p (4.3p) raises the total from 6.1p to 6.7p.

TOUCHE REMNANT

Following the acquisition by Touche, Remnant & Co of Ansbacher Investment Management, the latter's name is being changed to Touche Remnant Financial Management and the business has been transferred to Mermaid House, 2 Puddle Dock, London, E.C.

Rolfe and Nolan jumps to £300,000

TAXABLE PROFITS of Rolfe & Nolan Computer Services advanced from £155,000 to £300,000 for the year ended February 28 1982 on increase of 94 per cent on higher turnover of £1.36m, compared with £770,000. Midyear profits rose by £59,000 to £110,000 and improved figures were anticipated for the 12 months.

Full year earnings per 10p share moved up to 9.1p (4.8p) and the net dividend is being increased by 1p to 2.5p—the company's shares are traded on the USM.

The pre-tax surplus included net investment income of £25,000 (£11,000) but depreciation took more at £138,000 (£92,000) reflecting a full year's charge on the company's existing equipment and part charges on new equipment acquired during the year to increase operating capacity. Tax paid totalled £73,000 (£41,000).

Growth during the year came from new client business for commodity brokers accounting service, which exceeds £1m in revenue, combined with a first full year's contribution from the commercial esrvice business. The company's balance sheet remained strong during the year.

At year end the company had five digital equipment computers in operation and one further on order. CCA pre-tax profits were £290,000 (£143,000).

● **comment**

After an unpromising debut year, when Rolfe & Nolan missed both its forecasts, things seem to be going rather better. Price increases for the commodity broking service have not stopped R & N from picking up new clients; about half the growth here was the volume due to a spreading client base. R & N now reckons to serve the computing needs of about a quarter of the London brokers. It is likely that some additional business will now accrue from the participants in Liffe. A full year's contribution from the less specialised bureau—which came from Bunzl at the end of 1980—accounted for roughly half the increase at the operating level, helped by a venture into writing special software packages on a one-off contract basis. There could be more expansion if R & N can make some more small acquisitions, adding useful staff or saleable programmes to the armoury. At 72p, up 14p, the shares yield 5 per cent and the fully-taxed historic p/e of 12 seems more in touch with reality than the lofty rating of a year ago.

WIDNEY

The majority of the shares in the recent rights issue by Widney, formerly Hallam, Sleigh and Cheston, has fallen to the underwriters.

The underwriters, which include Sheerwood Corporate Services, a subsidiary of Central and Sheerwood, and three City institutional investment funds, have taken up 3,025,864 shares, or 57.5 per cent.

Espley-Tyas reorganising

Espley-Tyas, a property and construction group, is to reorganise its subsidiaries into four divisions to make better use of the group's management and to integrate the recent Manston Development Group acquisition more fully into the company.

An extraordinary general meeting yesterday approved the changes which result in the creation of four divisions—Espley-Tyas Developments, Espley-Tyas Construction, Espley-Tyas Overseas and the Manston group. Overall management for the group as a whole will be in the hands of a four-man group executive, all at main board level, consisting of Mr Ronald Shuck, chairman and chief executive, Mr Peter Gilman, the deputy-chief executive, Mr Paul Cooper and Mr Fergus Cleave.

Espley-Tyas acquired 47 per cent of the Manston Development Group in April for an initial sum of £803,410, and a deferred payment related to 80 per cent of Manston's NAV at September 30 1983. It was impressed with the management potential of the company and says it intends to use these skills in its new divisions.

SPAIN

June 9	Price %	+ or −
Banco Bilbao	355	−1
Banco Central	340	−2
Banco Exterior	305	−3
Banco Hispano	316	
Banco Ind. Cat.	114	
Banco Santander	386	+6
Banco Urquijo	183	−2
Banco Vizcaya	368	
Banco Zaragoza	250	
Dragados	140	
Espanola Zinc	70	
Fecsa	65.7	+0.7
Gal. Preciados	34	
Hidrola	64	−2
Iberduero	50.2	−0.8
Petroleos	85.2	−1.3
Petroliber	99	
Sogefisa	115	
Telefonica	71.0	+0.3
Union Elect.	60	−1

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1981-82 High	Low	Company	Price	Change	Gross Div.(p)	Yield %	P/E Actual	P/E Fully taxed
130	100	Ass. Brit. Ind. Ord.	120	—	6.4	5.3	10.8	13.4
130	100	Ass. Brit. Ind. CULS	120	—	10.0	7.8	—	—
75	62	Airsprung	72	—	6.1	8.5	8.2	14.1
51	33	Armitage & Rhodes	42	+1	4.3	10.2	3.5	7.9
215	187	Bardon Hill	215	+1	9.7	4.5	10.4	12.7
109	100	CCL 11pc Conv. Pref.	109	—	15.7	14.4	—	—
265	240	Cindico Group	265	—	26.4	10.0	10.7	42.0
104	81	Deborah Services	81	—	6.0	6.8	3.6	5.7
131	97	Frank Horsell	130	+1	6.4	4.9	11.7	24.1
83	29	Frederick Parker	74	—	6.4	8.6	3.8	7.2
78	46	George Blair	56	—	—	—	—	—
102	93	Ind. Precision Castings	100	—	7.3	7.3	7.2	10.8
110	103	Isis Conv. Pref.	110	—	15.7	14.3	—	—
113	94	Jackson Group	105xd	—	7.5	7.1	3.2	6.7
130	108	James Burrough	113	—	8.7	7.7	9.2	10.4
334	220	Robert Jenkins	230	—	31.3	13.6	3.2	8.1
70	51	Scruttons "A"	70	+2	5.3	7.6	13.5	12.5
222	159	Torday & Carlisle	166	—	11.4	7.2	7.1	12.2
15	10	Twinlock Ord.	15	+0½	—	—	—	—
80	66	Twinlock 15pc ULS	78	—	15.0	19.2	—	—
44	29	Unilock Holdings	25	—	3.0	12.0	4.5	7.6
103	73	Walter Alexander	83	—	6.4	7.7	5.5	9.7
263	212	W. S. Yeates	238	—	14.5	6.1	6.2	12.4

Prices now available on Prestel page 48146.

CLYDE BLOWERS PLC

PRELIMINARY ANNOUNCEMENT
HALF YEAR TO FEBRUARY 28th, 1982

	1982 £	1981 £
Turnover	2,015,489	1,713,389
Group Trading Profit	245,253	173,919
Taxation	122,600	86,900
Profit attributable to shareholders	122,653	86,919
Interim dividend per share (1)	0.82685p	0.82685p
Earnings per share	12.27p	8.69p

(1) Interim dividend of 0.82685 pence per share is payable on 23rd July 1982 to members on register at close of business on 23rd June 1982.

THE TRING HALL USM INDEX
125.6 (−0.6)
Close of business 10/6/82
BASE DATE 10/11/80 100
Tel: 01-638 1591

LADBROKE INDEX
Close 575-580 (−11)

MINING NEWS

Further curbs on metal output

BY KENNETH MARSTON, MINING EDITOR

FOLLOWING the news that America's Amax is cutting copper production by 40 per cent at its Carteret refinery in New Jersey, there come further reports of other cutbacks and closures as the world mining and metal industry struggles to cope with the economic recession.

In Ghana, one of the five primary aluminium-producing potlines at the Volta Aluminium (Valco) smelter is to be taken out of operation by the end of this month. Valco is Africa's largest producer of primary aluminium with an annual capacity of 220,000 short tons. It is 90 per cent-owned by America's Kaiser Aluminium and 10 per cent by Reynolds Metals.

Kaiser says that with this cut-back the group will be operating at about 58 per cent of its world-wide primary aluminium capacity.

Hecla Mining is to close its lead-zinc-silver producing Star mine at Burke, Idaho and to stop the expensive exploration programme at the Sherman property in Colorado.

Hecla and Bunker Hill jointly own the Star mine which lost $3.9m (£2.2m) last year as a result of falling metal prices. It has lost a further $2.3m in the first five months of this year. The closure of Star is expected to be permanent.

Hecla has a 60 per cent stake in profits of the Sherman lead and silver mine which is owned by Leadville Corporation. Production at Sherman was suspended in January but it is hoped to reopen the mine when metal prices strengthen.

Canada's Sherritt Gordon Mines, reacting to a further deterioration in copper and by-product metal prices and the closure of outside facilities for the treatment of its concentrates, has now advanced and lengthened the summer close-down of its copper-zinc mining division in northern Manitoba.

The closure will begin on June 19 and run for seven weeks. Previously the planned vacation shutdowns had been for six weeks at the Fox mine and four weeks at the Ruttan mine. The shutdown will result in an estimated reduction in output of 10m lb copper and 2.5m lb zinc.

Kimberlite in Michigan

KIMBERLITE, the "blue ground" which is a host rock for diamonds, has been found in Michigan by the U.S. Geological Survey and at least one company has begun to prospect for diamonds there.

The outcrop of kimberlite occurs on the Keweenaw peninsula which pokes into Lake Superior in an area which was mined in the past for copper.

It is acknowledged that the chances of finding a viable deposit of diamonds are no better than one in a hundred. However, quite a few diamonds have been found in the U.S. over the years, mostly in Arkansas and California.

According to Mr Jack van Alstine, a regional geologist for the State Department of Natural Resources, one company has already said that it has spent a considerable sum on surface exploration. "I have no way of vouching whether they had or not, but I do know they had crews up here," he added.

Chapman Inds. down £1m

ALTHOUGH pre-tax profits of envelope maker Chapman Industries fell from £1.23m to £259,000 for the 53 weeks ending April 3 1982 the directors point out that the second half showed a steady improvement which should continue in the current year. First half profits dived from £567,000 to £85,000.

Stated earnings per 50p share were 21.54p (29.83p) actual and 5.18p (24.5p) notionally fully taxed and a same-again final dividend of 4.5p maintains the net total at 6.5p.

Turnover fell from £12.99m to £11.8m and trading profits dropped by some £1m to £316,000 for the effects of the recession, greatly exacerbated by destocking, are blamed.

The pre-tax figure was after net interest charges of £57,000 (£99,000) and was subject to a tax credit of £258,000 (£510,000 charge). Net profit was £517,000 (£716,000 before extraordinary debit of £231,000).

P & O on course to meet higher profit forecast

The Peninsular and Oriental Steam Navigation Company is on course for the profit improvement forecast in the annual report, Lord Inchcape, the chairman, told shareholders at the annual meeting yesterday.

Lord Inchcape also announced his intention of retiring as chairman at the end of June 1983 though he will remain as a non-executive director and become deputy chairman. Mr Ian Denholm, currently deputy chairman, will become executive chairman.

Despite the favourable trend of the first four months a major uncertainty surrounds the four ships requisitioned by the government for the Falklands Islands operations. P&O does not know when they will be returned, how much requisition hire will be paid or whether it will be adequately reimbursed for consequential losses, he said.

The recession in the U.S. is possibly biting harder on the West Coast than was anticipated and this is affecting cruising operations. On the other hand remedial action taken in relation to ferry activities is bearing fruit and oil-related activities, banking and Australia are showing up well, he added.

Commenting on plans for a Channel Tunnel, Lord Inchcape said proponents of all the fixed link schemes had underestimated the extent of the competition they might face from ferries and had consequently been unduly optimistic on their revenue assumptions.

P&O has no objection to a tunnel provided it is financed commercially without government guarantees, he said.

P&O is giving serious consideration to stopping the Middlesbrough to Sweden cargo ferry run by Ferrymasters because of industrial action by merchant seamen and Middlesbrough dockers. This is an efficient, cost-effective service, though the vessel involved, the Elk, is now in the South Atlantic.

Asked about recent rumours of a takeover bid for P&O Lord Inchcape said there had been no significant changes in the company's register of shareholders and it took the view the rumours were not soundly based.

Overseas News, Page 6
Men and Matters, Page 18

Cullen's improves in second half

AFTER reporting losses of £63,150 against profits of £132,215 in the first half, Cullen's Stores, grocer, wine, spirit and beer merchant, came back into profit in the second half, but the pre-tax figure for 1981 as a whole was down from £201,065 to £147,854. Turnover from £19.09m to £20.39m.

The pre-tax profits include profit on disposal of fixed assets amounting to £239,711 against £56,028. The final dividend is unchanged at 3.6p net for a total of 4.3p.

In their interim statement, the directors said turnover during the summer was disappointing. Sales then improved in the second half, particularly on the off-licence side.

There was a tax credit of £56,046 against £454,344, and after taking £7,700 (same) for preference dividends, attributable profits were down from £647,709 to £196,200. Dividends again absorb £66,000, leaving retained profits of £110,200 compared with £561,709.

Stated earnings per 20p share, excluding profit on disposal of fixed assets (net of tax) were down from 7.43p to 1.34p. On a CCA basis, there was a pre-tax loss of £72,123 (£41,745).

'FAGS' PAY DAY

Antofagasta (Chili) and Bolivia Railway ("Fags") says that following receipt of funds from Chile, and in accordance with the provisions of the scheme of arrangement, the dividend of 7p approved at the AGM on May 24 will be paid on July 5.

Underwriting losses total £1.9m at Bupa

AN underwriting deficit of £1.9m was recorded for 1981 by the British United Provident Association, the largest medical insurer in the UK, against a profit of £5.1m in the previous year.

Subscription income rose by 28 per cent from £111.7m to £143.4m, while benefit payments climbed over 50 per cent from £92.5m to £142.3m. Bupa soften this increase by transferring £18.5m from its subscriber benefit reserve against a transfer of £3.1m in 1980.

Nevertheless, a 26 per cent jump in administration and development expenses from £17m to £21.5m meant that its trading operations last year recorded a small deficit.

Other income, net of tax and covenants, improved by 15 per cent from £7.2m to £8.2m, and resulted in a surplus of £6.3m—less than half the £14.1m surplus of the previous year.

The number of registrations in 1981 increased by 12 per cent from 1.25m to almost 1.4m. Since many contracts cover husband and wife or even the whole family, Bupa provide medical insurance for more than 3m people.

Lord Wigoder, in his chairman's statement, refers to the problem of escalating costs of independent medicine, while BUPA has maintained its subscription rates for as long as possible. But he warns that a rapid rise in both claims costs and proportions of claims renders substantial subscription increases inevitable.

J. W. Spear slips to £0.7m

THE PROBLEMS facing the toy and games industry show little sign of easing according to the directors of J. W. Spear & Sons, while reporting pre-tax profits down from £963,000 to £674,000 for 1981. Turnover moved ahead from £12.6m to £14.67m.

After a loss at the halfway stage, second half profits were ahead from £500,000 to £768,000 and a return to profits for the full year was expected. However, the directors say that another first half loss seems likely.

They also say that it would be unwise to predict year-end results in the current economic climate, particularly in the company's sector which is heavily dependent on the latter half of the year.

An increased final of 3.5p (3p) holds the year's total at 6p. Earnings per 25p share were given as 6.52p (16.02p before extraordinary items and 9.83p after).

The directors point out that the future maintenance of the dividend must largely depend on the achievement of a better balance between dividends to shareholders and retentions by the group.

They add that it looks as though many dealers, reflecting the pressure they are under, will place orders later in the year than usual. Exports, however, show an encouraging improvement.

A substantial rationalisation and cost reduction programme is progressing satisfactorily, the cost of which has been borne by the parent company together with the cost of strengthening its own management team.

There was an associate loss of £46,000 (nil). Tax took more at £386,000 (£230,000). Extraordinary debits last time amounted to £250,000.

Comparative figures include the S10 group of companies from March 20 1980.

On a CCA basis pre-tax profits were shown at £388,000.

BANK RETURN

	Wednesday June 9 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	37,660,064	+ 3,789,508
Bankers Deposits	612,090,014	+ 35,425,380
Reserve and other Accounts	1,921,444,864	+ 136,730,975
	2,585,748,322	+ 168,366,847
Assets		
Government Securities	734,620,304	+ 107,587,549
Advances & other Accounts	1,154,275,736	+ 16,501,587
Premises Equipment & other Secs.	680,060,823	+ 44,890,490
Notes	16,433,022	— 842,603
Coin	358,438	+ 19,824
	2,585,748,322	+ 168,366,847
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,700,000,000	— 175,000,000
In Circulation	10,683,566,978	— 174,157,397
In Banking Department	16,433,022	— 842,603
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,073,963,321	— 266,890,936
Other Securities	7,615,021,579	+ 91,890,936
	10,700,000,000	— 175,000,000

BIDS AND DEALS

Lamco acquires R. A. Brand

Lamco Paper Sales, the Finnish owned marketing company, is acquiring R. A. Brand and Company, a paper merchanting subsidiary of Jefferson Smurfit. The price is undisclosed but could amount to several million pounds.

Lamco is the marketing subsidiary of the Finnish Paper Mills' Association (Finnpap) and supplies about 10 per cent of the UK's paper market. Lamco felt that it needed to protect R. A. Brand's market position in a sector which has seen several takeovers of paper merchanting companies. It had already been Brand's major supplier.

R. A. Brand has four branches in London, Manchester, Rugby and Bristol with a combined sales turnover of about £17m. Lamco is not disclosing how much it paid to Jefferson Smurfit but indications would suggest several million pounds including a provision for good will.

Lamco says the acquisition will fit in its existing business. In 1981 UK sales were £268m and accounted for a quarter of the turnover of the Finnpap group. R. A. Brand employs about 100 people and is mainly involved in high quality printing and packaging paper.

Wilson (Connolly) disposals

Mr L. A. Wilson, the recently appointed chairman of Northampton housebuilding group, Wilson (Connolly) Holdings, and another director, Mr F. C. T. Wilson have sold 253,750 shares and 247,500 shares respectively. The shares closed 1p down yesterday at 234p. The disposals, which account for about 2.3 per cent of the equity in aggregate, took place a week ago through a placing with institutional investors.

The group's brokers were Carr Sebag and are now Grieveson Grant. The transactions reduce the chairman's holding to about 23 per cent and Mr F. C. T. Wilson's stake to about 21.8 per cent. The directors are understood to have sold for purely personal financial reasons and now intend to retain their residual investments.

HENDERSON BUYS RESIDENTIAL DOORS

P. C. Henderson Group is expanding its operations into residential doors with the acquisition for £209,000 cash of a 75 per cent interest in County Doors, from County Home Improvements of Farnborough, Hants.

County Doors, a new company into which County Home has transferred all its door business, imports hardwood residential doors, treats and furnishes them and supplies them to individual customer requirements.

AB ELECTRONIC BUYS CLEARTONE

AB Electronic Products Group says that, in line with its policy to develop systems business and reduce reliance on component manufacture, it has bought the assets and goodwill of Cleartone Electronics (in receivership) for approximately £250,000.

The business previously carried on by Cleartone includes contracts to manufacture microcomputers, including the Acorn microcomputer chosen by the BBC for its computer literacy project.

The labour force of about 120 will be retained, but some management changes are being made. Under the new ownership, the business will continue to operate from the factory at Abercarn, Gwent, S. Wales, and will be renamed AB Electronic Systems.

SHARE STAKES

R. W. Toothill: Beaverform group of companies has acquired 7,500 ordinary shares making a holding of 65,500 shares (9.36 per cent).

Vosper: Sir David Brown as a result of dealings in ordinary shares between June 1 and 4 is interested in 2.57m shares.

Cole Group: B.R.P. Securities, a subsidiary of Bajau, holds 334,500 ordinary (11.15 per cent).

Brown Shipley shows all-round progress

INCREASED activity in most areas of its business was the main factor in Brown Shipley Holdings showing a recovery in its profit from the low level of the previous year. After providing for tax and a transfer to the inner reserve of the bank, profits rose from £1.54m to £2.05m in the year to March 31 1982.

This comprised banking group profits of £1.2m (£859,000) after tax and a transfer to inner reserve, parent company before tax, £76,000 (£73,000) and insurance group before tax, £1.66m (£1.27m).

The directors say a further significant increase in the profit of the insurance group helped to produce earnings of 17.1p per share compared with 13.4p. The final dividend is effectively raised from 3.75p to 4.25p net for a total of 7p (6.5p adjusted). Dividends absorb £843,000 against £734,000.

The consolidated balance sheet of this merchant banker and insurance broker shows a fall from £41.19m to £33.62m in balances with banks and money at call. Treasury bills discounted and certificates of deposit amounted to £15.09m (£7.25m), and British Government and local authority securities totalled £1.82m (£7.29m).

Money at short notice is shown as £45.47m against £28.74m. Other deposits with banks and local authorities total £44.01m (£37.52m). Loans, advances and other accounts were £127.34m (£88.95m).

At the year-end shareholders' funds stood at £32.37m compared with £30.73m a year earlier.

Plysu reaps benefits of improved efficiency

MAINTAINING the momentum, which saw an advance from £685,000 to £1.05m at mid-term, Plysu, manufacturer of plastic containers and domestic wares, finished the year to March 31 1982 with pre-tax profits ahead from £1.39m to £2.06m.

Earnings per 10p share are shown to have risen from an adjusted 9.5p to 10.9p and the final dividend is 1.55p, effectively raising the total from 1.8896p to 2.3p net. A one-for-10 scrip issue is also proposed, with the directors forecasting maintained dividends on the increased capital for the current year.

They say that the reported profit improvement was mainly a result of greater overall efficiency.

The year's capital expenditure of £1.73m included further investment in blow moulding machinery.

The company is still holding its own in housewares and the directors have continued a policy of broadening outlets.

New outlets for plastics containers are being explored and prospects are encouraging, the directors state.

Group turnover for the 12 months totalled £16.97m (£16.34m), with profits being struck after depreciation of £1.11m (£897,000) and interest of £1,000 (£74,000) but including a £67,000 (£15,000) share of associates and interest received of £119,000 (£4,000). Tax took £714,000 (£220,000).

LONDON TRADED OPTIONS

June 10. Total Contracts 1,095 Calls 570 Puts 525

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	330	6	15	15	10	22	4	312p
BP (p)	300	8	1	20	—	26	10	"
BP (p)	330	26	14	34	—	42	7	"
CU (c)	140	5	3	12	1	16	—	136p
CU (c)	160	1½	—	4¾	10	—	—	"
Cons. Gld (c)	360	12	10	24	—	35	—	344p
Cons. Gld (c)	390	5	3	10	3	20	—	"
Cons. Gld (p)	330	10	7	20	—	30	—	"
Cons. Gld (p)	360	34	—	40	29	50	—	"
Ctlds. (c)	70	14	14	22	—	—	—	82p
Ctlds. (c)	80	6½	19	13	—	17	2	"
Ctlds. (c)	90	2½	30	7	23	10	—	"
Ctlds. (c)	100	1	—	4	—	7	5	"
GEC (c)	900	58	14	82	2	110	—	934p
GEC (c)	950	28	29	55	2	75	—	"
GEC (p)	900	14	14	27	—	35	—	"
GEC (p)	950	40	11	47	—	55	5	"
Gr'd Met. (c)	200	29	—	34	—	40	5	224p
Gr'd Met. (c)	214	16	10	22	13	28	—	"
Gr'd Met. (c)	220	11	—	17	2	22	3	"
Gr'd Met. (c)	240	3	—	8	37	13	17	"
Gr'd Met. (p)	194	1	—	4	8	5	—	"
Gr'd Met. (p)	214	6	7	11	3	13	—	"
Gr'd Met. (p)	240	20	5	26	3	29	10	"
ICI (c)	300	34	4	40	—	52	1	324p
ICI (c)	330	11	1	22	—	34	1	"
ICI (p)	330	16	24	19	5	22	—	"
Land Sec. (c)	300	3	3	15	—	21	—	276p
Mks & Sp. (c)	130	39	—	43	1	—	—	165p
Mks & Sp. (c)	140	28	3	33	—	35	1	"
Mks & Sp. (c)	160	10	10	16	—	20	2	"
Mks & Sp. (c)	180	3	—	5½	1	8½	—	"
Shell (c)	390	38	1	48	1	58	—	415p
Shell (c)	420	18	4	30	3	38	1	"
Shell (c)	460	5	20	14	6	22	—	"
Shell (p)	390	6	—	12	2	16	10	"
Shell (p)	420	18	40	26	5	30	5	"
		August		**November**		**February**		
Barclays (c)	460	28	—	42	3	55	—	465p
Barclays (c)	460	12	—	20	—	25	2	"
Barclays (c)	500	40	—	45	5	50	—	"
Imperial (c)	70	28½	1	—	—	—	—	97p
Imperial (c)	90	10½	25	16	—	20	—	"
Imperial (c)	100	5½	14	9	—	13	20	"
Imperial (p)	100	6	5	9½	—	10½	—	"
Lasmo (c)	330	22	2	36	—	48	—	322p
Lasmo (c)	360	12	—	24	3	35	—	"
Lonrho (c)	60	9	3	10	2	12	—	66p
Lonrho (c)	70	3½	—	5	12	7	6	"
Lonrho (c)	70	6	6	7½	—	9	—	"
P & O (c)	130	22	2	27	—	—	—	150p
P & O (c)	140	16	—	20	1	25	—	"
Racal (c)	390	48	—	65	—	78	—	425p
Racal (c)	420	25	17	45	1	58	—	"
Racal (p)	390	4	—	14	5	19	—	"
Racal (p)	420	15	19	27	34	33	—	"
Racal (p)	460	45	75	48	2	55	—	"
RTZ (c)	390	20	20	35	—	45	—	372p
RTZ (c)	420	11	21	25	5	53	—	"
RTZ(c)	460	4	46	12	1	18	—	"
RTZ(p)	390	19½	65	27	5	35	—	"
RTZ (p)	420	47	44	52	3	55	—	"
RTZ (p)	460	89	9	89	—	90	—	"
RTZ (p)	500	127	1	—	—	—	—	"
Vaal Rfs (p)	40	1½	20	4	—	—	—	$45

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$325	—	—	3	34 A	—	—	$325.80
GOLD C	$350	21	10	15	21	—	—	"
GOLD C	$375	21	4	5	12 A	—	—	"
GOLD C	$400	—	—	4	8	—	—	"
GOLD P	$300	2	5.50 B	5	11	—	—	"
GOLD P	$325	6	15	15	19.50 B	—	—	"
GOLD P	$350	19	31 B	—	—	—	—	"
12¾ NL 81 87-91								
C	F.110	260	2.50	—	—	—	—	F.111.90
C	F.112.50	—	—	2	1.40	—	—	"
P	F.110	10	0.80	11	1.40	—	—	"
10¾ NL 80 86-95								
C	F.102.50	—	—	1	1	—	—	F.101.20
11¼ NL 82 88-92								
C	F.105	—	—	600	0.60	—	—	F.103.10
10 NL 82 86-89								
P	F.102.50	50	4.90	—	—	—	—	F.98.50
		July		**Oct.**		**Jan.**		
ABN C	F.300	30	0.60	9	4.30 A	—	—	F.282
ABN P	F.280	8	3 A	13	7.50	—	—	"
AKZO C	F.25	20	0.50	32	1.20	14	1.50	F.23.30
AKZO C	F.27.50	60	0.10	50	0.50	—	—	"
AKZO C	F.30	46	0.10	—	—	—	—	"
AKZO P	F.22.50	13	0.50	124	1	—	—	"
AKZO P	F.25	60	1.80	51	2.20	—	—	"
AKZO P	F.27.50	16	4.30	42	4.30	—	—	"
AMRO C	F.50	—	—	37	1.70	—	—	F.49.20
AMRO P	F.50	—	—	—	—	10	3.10	"
HEIN C	F.60	7	2 B	—	—	—	—	F.59.50
HEIN P	F.60	23	2.30	—	—	—	—	"
HOOG C	F.17.50	—	—	32	0.60	—	—	F.15
KLM C	F.90	28	7.30	—	—	—	—	F.95
KLM C	F.100	114	2.90	—	—	—	—	"
KLM C	F.110	57	1.20	—	—	—	—	"
KLM C	F.120	25	0.40	—	—	—	—	"
KLM P	F.90	236	2.40	10	4.20	—	—	"
KLM P	F.100	—	—	10	8 B	—	—	"
NEDL C	F.110	110	4.50 B	10	8	—	—	F.111
NEDL C	F.120	—	—	13	3.40	—	—	"
NEDL P	F.110	130	2.50 B	15	4.20	—	—	"
NEDL P	F.120	84	9 B	—	—	—	—	"
NATN C	F.115	8	0.80	—	—	—	—	F.111.90
PHIL C	F.22.50	306	0.80	291	1.50	26	2	F22.80
PHIL C	F.25	—	—	113	0.70	267	1	"
PHIL P	F.22.50	31	0.50	20	0.90	35	1.20	"
PHIL P	F.25	106	2.30	10	2.20	20	2.40	"
RD C	F.90	25	2.40	38	4.30	—	—	F90.20
RD C	F.100	50	0.30	82	1.10	—	—	"
RD P	F.70	—	—	10	0.50	—	—	"
RD P	F.80	—	—	13	1.20	—	—	"
RD P	F.90	141	2.40	45	4.50	10	1.80	"
UNIL C	F.150	10	0.90	20	2.50	—	—	F.143
UNIL C	F.160	10	0.10	—	—	—	—	"
UNIL P	F.140	102	2.30	—	—	10	1.70	"
UNIL P	F.150	16	7	15	6.50	—	—	"
		Aug.		**Nov.**		**Feb.**		
SLUM C	$45	10	1½	—	—	—	—	$39½
VW C	DM.150	—	—	—	—	10	5.50	DM147.50

TOTAL VOLUME IN CONTRACTS: 4502
A=Asked B=Bid C=Call P=Put

Applied Computer ahead: rights issue

AN INCREASE of 33.6 per cent from £756,000 to £1.01m in pre-tax profits is reported by the Birmingham-based Applied Computer Techniques (Holdings) for the year to March 31, 1982. At the interim stage profits had increased from £407,000 to £475,000. Turnover for the year rose from £7.15m to £8.37m. The total dividend is raised from an adjusted 0.5p to 0.7p net with a final 0.5p against 0.33p.

A one-for-eight rights issue is proposed. The directors and their advisers continue to feel it is right for the company to adopt a conservative funding policy to ensure that its growth is not prejudiced by lack of financial resources, and to enable it to take advantage of the rapid pace of change in the computer services industry. Accordingly, they believe it is in the interest of shareholders to enlarge the equity base.

While it is too early in the current financial year to make any forecast, they say trading has started extremely well in all divisions and the company anticipates another satisfactory year.

Since the end of March, the company has begun to receive substantial deliveries of the ACT *Sirius I* from the U.S., and the board believes that sales of this machine alone will account for a major part of its turnover in the current year.

Although the group's cash position remained strong at the year-end, the high volume of Sirius sales in March increased the debtors to £2.5m—a high figure in relation to the year's turnover. Subsequently, group turnover has been running over 70 per cent higher than in the corresponding period last year.

This company has needed several cash injections during the year and this had the effect of diluting ACT's shareholding in the company. As a result of this and in the interests of prudence, the board has decided to make full provisions against the remainder of its investment in that company.

Stated earnings per 10p share improved from 5.07p to 6.01p.

● comment

ACT has been running hard to keep up with its glamour rating. In turn, the market has responded by marking up its shares by nearly 50 per cent since the half-way stage. The group is still pinning its fortunes to the expanding micro-computer market; its blunder with Compu-Think has now been written off and its link-up with Sirius looks more promising. The new 16-bit machine accounted for some £¾m of the £1.4m March turnover and appears to have a fair lead on the competition. But ACT is going to be slugging it out with the big boys soon and will need to lean *heavily* on its dealer network to push out the products. The balance-sheet is not stretched, but ACT is raising about £2m from shareholders in order to keep out of debt. Not a bad idea for a company which operates in such a fast-moving business. The shares dropped 7p yesterday to 191p where the historic yield is 0.5 per cent.

LCP falls £1.5m and cuts payment by 0.7p

THE DECLINE in pre-tax profits seen by LCP Holdings mid-year *continued through* the second period and figures for the full year to March 31 1982 showed a sharp drop from £3.61m to £2.08m. Second half profits emerged £863,000 down on those of the corresponding period at £701,000.

In the light of the results the directors are paying a reduced final dividend of 1.8p, making a net total of 3.6p, against 4.3p *previously. Stated earnings per* 25p share before tax were 4.1p (7.2p) and on a net basis 1.4p (5.8p).

Full year taxable profits were struck after higher interest charges of £5.25m (£3.66m)—trading profits were marginally ahead at £7.32m (£7.27m) after deductions of £378,000 (£33,000) for discontinued activities.

Turnover rose from £206.39m to £233.24m. A division breakdown of these figures and trading profits shows: investment property £4.2m (£3.98m) and £2.91m (£2.77m); property development £86,000 (£873,000) and £25,000 (£354,000); construction £9.19m (£13.27m) and £30,000 (£572,000); distribution £75.53m (£74.61m) and £749,000 (£777,000); metals £13.66m (£20.15m) and £319,000 (£138,000 loss); vehicle distribution £105.08m (£86.64m) and £1.54m (£1.66m); overseas £17.69m (£6.75m) and £2.13m (£1.3m). Turnover of discontinued activities totalled £7.8m (£120,000).

Tax for the year took £1.29m (£603,000) and minorities £100,000 (£93,000). Extraordinary debits amounted to £1.7m (£159,000), arising in the main from rationalisation and *terminal costs within the metals* division. There was an attributable deficit of £1.01m (£2.76m surplus).

On a CCA basis there was a pre-tax profit of £396,000 (£2.09m).

● comment

The $17.7m cash purchase of the rest of Whitlock, in the U.S., *took* a heavy toll in LCP's interest costs. Combined with a related £7m goodwill write-off, it has pushed gearing to a heady 89 per cent. But the company sees this as a peak with a programme of careful divestment—beginning with the sale of the brick company to Redland, and later to include the car dealership business—aimed at leaving the group centred on industrial *property*, distribution and the French D-I-Y interests. Withdrawal from the loss-making engineering side should be completed by September and has been fully provided for, and the current year should gain from a slight pick-up on the property side where some 90 per cent is now let at worthwhile rates. However, much of the emphasis is placed on Whitlock, bought at an exit p/e of 7, which should contribute at least double, at £3m, just through full consolidation. Depending on the rate of divestment interest costs will continue to be a determining factor but the gloom seems to be past. Yesterday's worse-than-expected news cut 5p off shares to 54p leaving the yield just under 10 per cent.

Leigh Interests down but ready for growth

SECOND HALF pre-tax profits of Leigh Interests, the environmental services group, fell from £540,000 to £92,629 and figures for the full year to March 31, 1982, were lower at £412,629 compared with £1.15m. Turnover rose from £21.16m to £26.5m.

The directors propose to maintain the total dividend of 5.63p net with a same-again final of 3.8p because they consider that the current strength of the reshaped business provides a firm base for resumption of growth. The company has made a steady start to the year, which is consistent with that view.

Integration of new businesses with old has allowed it to achieve a reduction in overheads during the last quarter of the year at a rate of £217,000 per annum—benefits of which will accrue next year.

The directors say expansion has been financed by the issue of additional shares, bank borrowing annd disposal of assets. Bank indebtedness at the year-end increased from £1.2m to £3.8m. Disposals of assets, other than plant, yielded £960,000.

This included the sale of the company's retail builders' merchant companies, Hockley Heath Building Supplies and Timmins and Foulkes for £510,000 on March 31, 1982, and a settlement of parent company loans.

Acquisitions have resulted in ownership of some redundant and under-utilised assets which will requires time for disposal or adaptation. They say that programme is well advanced and will, throughout the year, contribute to indebtedness.

During the year, Leonard Leigh, a specialist subsidiary, increased its turnover from £4.5m to £5.5m. Reduced volume and thinner margins in the UK coupled with the initial cost of development overseas, have restricted results to break-even.

Another specialist subsidiary, Mottershead and Smith, increased its turnover from £4.1m to £6.4m. Trading profits increased in line with turnover, but pre-tax profits have been reduced by this company's proportion of group bank interest charges, which reflect re-location. The company is highly geared for profit growth as borrowings are repaid.

Group pre-tax profit includes associate companies' profits of £488 against losses of £198,059. Tax for the year was well down at £1,402 (£258,997). There were extraordinary credits of £156,316 (£43,829) and stated earnings per 5p share fell from 11.6p to 4.2p. On a CCA basis, pre-tax profits were down from £916,724 to £115,801.

● comment

Eleven months ago Leigh Interests believed that "profitability for the year to March 1982 will be another record." In the event, pre-tax profits fell to about a third of the previous year's figure. The recession came late to the West Midlands, but it arrived with a vengeance, and in order to keep contracts, Leigh has had to cut prices, in some cases by as much as 40 per cent. Things could have been even worse: without a first time contribution from the Derby group, profits would have been only about £150,000, and the sale of Sablex meant elimination of £200,000 of associate losses. Leigh's acquisitiveness over the year has considerably broadened its geographic base but it has had to pay out £600,000 in interest charges.

The maintenance of the dividend, albeit uncovered, lent support to the share price which fell 2p to 94p, yielding 9 per cent.

Control Data sees further downturn

By Paul Betts in New York

CONTROL DATA, the U.S. computer and financial services concern, expects profits for the second quarter of this year ending June 30 to be somewhat lower than the $1.01 a share earned in the previous three months.

The company told securities industry analysts yesterday that lower second quarter earnings were due to the current slowness of the market for its product and services. The directors warned earlier this year that they did not expect a recovery until the second half of 1982.

Control Data's earnings in 1981 were $1.06 a share in the first quarter and $1.13 a share in the second.

But the company, which earned $171m or $4.48 a share on revenues of $4.2bn last year, said it still expected to report higher earnings for 1982.

Poor second quarter for American Hoist

By Our Financial Staff

SECOND-QUARTER profits of American Hoist and Derrick have been hit by high interest rates and a slowdown in energy development projects.

Earnings for the period amounted to only $735,057, or 12 cents a share, compared with $4.93m, or 81 cents a share, in the corresponding 1981 period. This brings the total for the half-year to $1.38m, or 21 cents a share, against $8.54m, or $1.38 a share last year.

Half-year sales totalled $239.4m, against $163.5m last year, with the second quarter contributing $97.5m, against $116.7m previously.

Earnings this year have been reduced by $453,000 because of the adoption of last-in/first-out stock evaluation.

The group, which is a major U.S. manufacturer of heavy lifting and construction equipment, has been restricted in the last year or so by the weak economy, and the directors now report that they do not anticipate any significant improvement in its business environment this fiscal year.

The current recession, says the board, has impaired the construction and capital goods industries, resulting in severe reductions in business

Hungary in loan talks with Manufacturers Hanover

BY DAVID BUCHAN IN BUDAPEST

HUNGARY has been holding preliminary talks with the leading U.S. bank, Manufacturers Hanover, on the possibility of raising a syndicated loan on Western capital markets, the managing director of the Hungarian National Bank said yesterday.

Such a loan would be a breakthrough for Hungary which was last able to raise Western financial credit in April 1981. It would also be significant in the light of the Western leaders' agreement at the recent Versailles summit, to restrain Western lending to the Communist bloc, even though that move focused primarily on export—rather than financial—credit.

Dr Kalman Meszaros said Manufacturers Hanover had not yet been given a formal mandate by the National Bank to lead any loan. "No final decision has been made on either side," he cautioned. Neither the amount nor the interest rates have been fixed, he said, making clear that Hungary was not keen to pay a premium rate.

Hungary has $867m to repay in principal on medium and long-term loans maturing this year. With only a modest hard currency trade surplus of $140m in the first quarter of this year, it has had to run down convertible currency and gold reserves "substantially" from $1.83bn level at the end of 1981 Dr Meszaros said.

So far this year, the Hungarian National Bank has borrowed $210m from fellow central banks through the Bank of International Settlement, and also made some bilateral borrowing, Dr Meszaros said. Hungary hopes to borrow, perhaps by the end of the year, from the International Monetary Fund which it joined last month.

Dr Meszaros believed that a syndicated loan led by a major U.S. bank could send a powerful psychological perhaps even political signal to the markets especially in Western Europe. Particularly after the Versailles meeting. "West European banks might feel safer under the U.S. flag."

Seagram earnings slide sharply

BY ROBERT GIBBENS IN MONTREAL

SEAGRAM, the world's largest distiller and also owner of a near 21 per cent stake in Du Pont, the U.S. chemical group, has confirmed the fall in third quarter earnings indicated last month.

Net earnings for the period dipped 10.5 per cent from US$60m to US$53.7m or $1.73 a share, with revenues holding firm at $607.4m against $605.8m. But this year's earnings total includes $14.8m or 51 cents a share from the Du Pont stake, acquired last year when Seagram lost out in the bid struggle for Conoco. Excluding this figure indicates a profits fall of 35 per cent.

The directors said that international revenues were higher in local currencies but declined in dollar terms because of the strength of the U.S. dollar.

Adjustments equal to 36 cents a share have been made to last year's comparative returns to cover currency transmissions.

At the nine-month stage Seagram, in which the Bronfman family trusts hold a 39 per cent stake, shows net earnings of $219.6m or $6.85, against $2.16bn or $40.36; but last year's figures include a special gain of $34.85 a share.

This year's nine-month total takes in $1.78 a share from the Du Pont interest.

Wall Street analysts had been looking for higher profits from Seagram at the end of this fiscal year, and for the first half, earnings were moving ahead. But the board warned at the beginning of May that the recession was cutting into its business.

Strong growth overseas is expected to fuel sales this year. At present, international sales are about 38 per cent of the group total but the board hopes to see the proportion around 50 per cent by 1990.

Mattel bounces back to profits

BY OUR FINANCIAL STAFF

A SHARP rise in sales of components and cartridges for its Intellivision video game has brought a turnround from loss into profit in the first quarter at Mattel, the electronic toys and hobby company. The directors pointed out that shipments of Intellivision were held back last year by the relocation of manufacturing facilities.

Sales jumped from $191m to $290.4m in the opening quarter, and net profits of $17.1m or 57 cents a share diluted compared with a loss of $4.2m in the comparable period last year.

The upturn, said the directors, reflects "particularly strong operating results" in the electronics and toy and hobby divisions, which account for almost all the group's earnings. Sales for the toy and hobby section increased by $31.2m to $130.3m, but the strongest rise came in electronic toys where revenues leapt by $107.2m to $119.5m. The relocation of manufacturing facilities involved production for the Orient, for which "significant production" was not under way until April last year.

Sales of the printing and publishing divisions, usually around 25 per cent of group total, dipped to $53.5m in the latest quarter while revenues of the entertainment division collapsed.

The fiscal year to January last saw a recovery in earnings to $1.68 a share from the 12 cents of the previous year.

For this year, analysts have predicted a gain in earnings, with traditional toys and also the Intellivision game expected to make a good showing.

About 35 per cent of group profits come from sales outside the U.S.

£30m bond launched for Norsk Hydro

By Alan Friedman

UNDAUNTED BY the departure last week of seven senior executives, Hambros Bank has launched a £30m Eurosterling bond for Norsk Hydro, the energy, petrochemicals fertiliser and metals group 51 per cent owned by the Norwegian Government.

The five-year issue, bearing a 14¼ per cent coupon at par, is the first financing to be undertaken by Norsk Hydro in the Eurosterling sector. Proceeds will be used partly to develop oil and gas fields in the North Sea and partly to refinance short and medium-term debt.

Mr Rupert Hambro, a deputy chairman of Hambros Bank, said last night: "A lot of people say we're not going to do any business in Norway again. I personally feel this demonstrates we haven't been seen off by the Norwegian government."

In the Eurodollar bond market yesterday Nomura announced that Chugai Pharmaceutical's $40m 14-year convertible bond was being cut to $30m. Nomura said "demand was insufficient" to sell $40m of bonds. The 7¼ per cent bonds provide a conversion rate of Y769.6 per share, against yesterday's Tokyo equity price of Y779.

The fate of Canon's $50m 15-year convertible bond will be decided today when it is priced by Yamaichi Securities, a day late. The bonds already bear a 7 per cent coupon, but it is understood that less than $10m worth has been sold. The paper continues to sell at discounts of 3 per cent and more.

Elsewhere in the Eurodollar sector, prices continued their downward trend, some issues falling by up to a point. This market is very nervous about the short-term outlook, with some dealers worrying about a further significant decline in prices following this week's unhappy performance.

The new straight bond index of the last 100 new issues in the Eurodollar sector, compiled by Ross and Partners, stood yesterday at 98.89, down two points. The index is calculated on a weighted basis.

World Bank seeks change in borrowing rules

By Peter Montagnon, Euromarkets Correspondent

THE WORLD BANK is to ask its board within the next few weeks for authorisation to borrow on international capital markets at variable rates of interest.

This would mark a radical change in the bank's approach to the markets where it has hitherto borrowed only at fixed rates. Implicit in the proposed change is the possibility that developing countries which borrow from the bank may also face regular adjustments in the interest rates they are charged.

A plan to introduce variable rate borrowing has been under study by the bank's staff for almost a year—it was first disclosed by Mr Eugene Rotberg, the bank's treasurer, as long ago as last October.

It stems from both the volatility of interest rates and the bank's heavy borrowing requirement, but even now that authorisation to introduce the change is being sought, bank officials stressed that the changes could be less radical in practice than they appear at first sight.

What the bank is seeking is the flexibility to borrow at variable rates, if necessary. The change would not mean that the bank would immediately acquire a high profile in the floating rate note market.

One instrument which might have more appeal is the retractable issue, a fixed rate bond where the coupon changes periodically, say every three years. The bank has not yet used this type of security, which has been developed by other borrowers in the international market.

Any decision to use variable rate borrowing would also depend on the market situation prevailing at the time. Despite volatile interest rates, the bank has managed to raise more than its original $8bn target so far this fiscal year, which ends on June 30.

But its interest costs have risen sharply, partly because this year has seen a higher proportion of borrowing in expensive currencies such as U.S. dollars. Whereas the average rate of interest paid by the bank in 1980-81 was around 9 per cent, this year's average rate is about 11 per cent.

This higher cost is placing a squeeze on the bank, whose loans to developing countries bear interest at a rate fixed permanently from the outset. It is thus effectively having to fund old loans at a rate of 7 to 8 per cent with money costing 11 per cent.

Consolidated losses of FFr 290m expected at Michelin

BY TERRY DODSWORTH IN PARIS

FRANCE'S Michelin tyre group is expected to declare consolidated losses of around FFr 290m ($46m) for its 1981 financial year at the shareholders meeting to be held later this month.

A warning of a "significant" deficit was given by the group last month, when it announced net losses of FFr 662m in Manufacture Francaise des Pneumatiques Michelin, its main operating subsidiary in France. But the consolidated figure, revealed in a letter sent to shareholders in advance of the annual meeting, is worse than expected.

The dip into losses follows a steady decline in Michelin's consolidated profits over the last few years. In 1980, they dropped to FFr 304m, compared with FFr 598m in 1979.

Michelin was hit last year by a number of factors, including the cost of financing high stock levels resulting from the vehicle sales slump, and expenses attached to various layoff measures. It also lost money through the tightening of French exchange controls.

It is understood that the consolidated loss figure does not include the deficit run up by Kleber-Colombes, the second largest French tyre manufacturer, in which Michelin took a majority stake last year. Kleber's losses amounted to FFr 288m last year.

Government aid plan for French newsprint industry

BY DAVID HOUSEGO IN PARIS

THE French Government has decided to back fresh investment to preserve a domestic newsprint industry in France.

Final details of a financing package by a consortium of nationalised French banks are being worked out to provide funds for the first phase of investment for expansion at Grand Couronne—one of the two Rouen-based newsprint plants belonging to Chapelle darblay, the large French paper manufacturer, which filed for bankruptcy in December 1980. The expansion is due to begin this summer.

The Government intends to expand newsprint production at Grand Couronne to 140,000 tonnes a year from 120,000 tonnes. But the main aim would be to achieve substantial cost and foreign exchange reductions through using waste paper and French grown wood as raw materials. Total investment would be FFr 400m ($63.5m).

The plan follows the lines of a scheme put forward by the large Swedish paper manufacturer, Stora Kopparberg, which was called in as consultants. The Government wants Stora to have a shareholding in the new company to be formed to run the Grand Couronne plant. The State will hold a majority of the shares. A Stora shareholding is seen as a test of its confidence in the project.

The investment plan would involve the break up of Chapelle d'arblay.

It would also leave open the future of Chapelle Darblay's other main newsprint plant of St Etienne du-Rouvray, also at Rouen.

The bank's consortium would initially own the equipment installed. Loans would be on concessionary terms.

Hoogovens asks Dutch Government for Fl 1bn

By Walter Ellis in Amsterdam

HOOGOVENS, the Netherlands' main steelmaker, has asked the Dutch Government for Fl 1bn in aid to help it carry out a Fl 3bn ($1.2bn) restructuring programme between now and 1985.

Last year, Estel, the Dutch-West German steel group in which Hoogovens is partnered by Hoesch Werke, made a loss of Fl 893m. Without Hoesch its losses would have been slight but it says that independent restructuring can restore it to profit within three years.

What the Dutch Government will make of the request for Fl 1bn is far from clear. The Prime Minister, Mr Dries van Agt, is in favour of helping only those industries which he considers have a real future, and the European steel sector generally is likely to remain depressed for years to come.

If the Government does come up with the money, Hoogovens would still be left with the problem of raising the remaining Fl2.2bn from its own resources and from the capital markets. It believes that any confidence reposed in it will be repaid in a short time, especially if the Estel De-merger can be completed quickly and on favourable terms.

Hoesch for its part, is trying to force Hoogovens to come up with 50 per cent of the accumulated Estel debt since 1975 of Fl2.9bn. The Dutch company insists, however, that the great bulk of the losses were made by Hoesch and that its share is a mere Fl700m, and it is on this point that a great deal of uncertainty hangs. Victory for Hoogovens in the dispute could indeed make it potentially viable; defeat would make any attempted rescue that much more hazardous.

Hoogovens says that it will make only a small loss this year and that by 1984/85 it will produce a pre-tax profit of some Fl300m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday June 16.

Closing prices on June 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 88/97	150	100	100½	−0½	−1⅜	14.86
Amax Int. Fin. 16¼ 92	75	101½	101⅞	−0⅜	−2	15.83
Amex O/S Fin. 14⅜ 88	75	95⅞	96⅜	+0⅛	−1⅜	15.20
APS Fin. Co. 16⅛ 89	75	100⅝	100⅞	−0⅛	−1⅝	16.02
ATT 14¼ 89	400	100⅛	100⅞	−0⅛	−1⅞	14.06
Baker Int. Fin. 0.0 92	225	†26	26½	−0⅛	−0⅛	14.77
BHP Finance 14¾ 89	150	97⅛	97⅞	−0⅛	−0⅞	15.31
Bk.-Amer. NT SA 12 87	200	90⅝	91⅛	0	−1¼	14.73
Bk. Montreal 14½ 87	100	96⅜	97⅜	−0⅛	−1⅛	15.40
Bque. Indo Suez 15 89	100	97	97½	−0⅛	−1½	15.66
British Col. Hyd. 14¾ 89	200	98⅛	98⅜	0	−1⅞	15.12
Burroughs Int. 15¾ 88	50	101⅞	101⅜	0	−1⅜	15.32
Canadair 15½ 87	150	99⅜	100⅛	−0⅛	−1	15.48
Canadian Pac. 14⅜ 92	75	96⅜	96⅞	−0⅛	−1⅜	15.30
Carolina Power 16½ 89	60	101⅛	101⅜	−0⅛	−1⅛	16.08
CIBC 16 87	100	100⅜	101⅛	−0⅛	−1⅛	15.66
Citicorp O/S 15 84/92	100	99½	100	−0⅛	−0⅝	15.08
Citicorp O/S 15½ 85/97	125	99⅜	100¼	0	−1⅜	15.40
CNA 15⅞ 97	75	99⅜	99⅞	−0⅛	−0⅛	15.30
Con. Illinois 15⅜ 89	100	100⅞	100⅞	0	−1⅜	15.54
Duke Pwr. O/S 15½ 89	60	98⅛	98½	0	−2⅛	15.88
Dupont O/S Cap. 0.0 90	300	35⅜	35⅜	0	−0¼	14.51
ECSC 14⅞ 87	50	98⅛	98⅝	0	−0⅞	15.20
EIB 15½ 89	150	99⅛	99⅜	−0½	−0⅞	15.57
Eksportfinans 14½ 89	50	96⅛	96⅜	−0⅛	−1⅜	15.33
Gen. Elec. Credit 0.0 92	400	26⅛	27	−0⅛	−1	14.58
Gen. Elec. Credit 0.0 93	400	24⅛	24⅝	+0⅛	−0⅛	14.12
Getty Oil Int. 14 89	125	96⅜	97⅛	+0⅛	−1⅛	14.73
GMAC O/S Fin. 16 86	150	100⅞	101⅛	0	−1⅜	15.85
GMAC O/S 15¼ 85/97	100	98⅛	98⅝	+0⅛	−0⅞	15.93
GMAC O/S Fin. 15 89	125	96⅜	96⅜	0	−2⅞	15.85
GMAC O/S Fin. 15 87	100	97	97½	−0½	−1	15.82
Gulf Canada Ltd 14¾ 92	100	98	98⅜	0	−1⅛	15.07
Gulf Oil 14¼ 94	175	97⅛	98⅛	0	−0⅛	14.59
Gulf Oil Fin. 0.0 92	300	26⅜	27⅛	−0⅛	−0⅜	14.41
Gulf States O/S 16 90	80	98	98⅜	+0⅛	−1⅜	16.38
Int-Am. Dv. Bk. 15⅜ 87	55	98½	98⅜	0	−1⅛	15.47
Japan Dev. Bk. 15½ 87	50	101⅞	102⅛	−0⅛	−1⅛	14.77
New Brunswick 16¼ 89	75	101⅛	101⅞	−0⅛	−2⅛	15.81
Ontario Hydro 14¾ 89	150	98⅞	99⅛	−0⅛	−2	14.94
Pac. Gas & El. 15¼ 89	80	102⅛	102⅜	0	−0⅞	15.06
Pac. Gas & El. 15¼ 89	45	100⅞	101⅛	−0⅛	−1½	15.18
J. C. Penney Gl. 0.0 94	350	20½	20⅞	−0⅛	−1⅛	14.58
Phillips Petrol 14 89	200	94⅞	95⅛	−0⅛	−2⅛	15.20
R.J. Rynlds. O/S 0.0 92	400	26⅜	26⅞	−0⅛	−0⅛	14.63
Saskatchewan 16 89	125	101⅛	101⅞	−0⅛	−1⅛	15.57
Shell Canada 14½ 92	125	96⅞	97⅜	−0⅛	−1⅛	14.94
Spain 15⅜ 87	100	99⅜	99⅞	+0⅛	−0⅛	15.85
Superior O/S Fin. 14 89	125	94	94½	+0⅛	−0⅛	15.40
Swed. Exp. Cr. 15¼ 89	100	98⅛	98⅝	0	−0⅛	15.61
Swed. Exp. Cr. 14¼ 90	100	95⅛	95⅜	+0⅛	−0⅜	15.77
Swed. Exp. Cr. 0.0 94	200	19⅜	20⅛	−0⅛	−1⅛	14.74
Union Carbide 14¾ 89	150	98⅛	98⅝	−0⅛	−1⅛	15.09
Wells Fargo I. F. 15 87	75	98⅜	99	−0⅛	−1⅜	15.33
World Bank 15⅜ 88	250	99⅛	99⅜	0	−0⅛	15.33
World Bank 14⅛ 87	500	95⅛	96⅛	−0⅛	−1⅛	15.49

Average price changes... On day −0⅞ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¾ 92	150	*98⅜	99	−0⅛	−1⅛	9.46
Australia 9¾ 91	300	*102⅛	102⅞	0	−1	8.96
Australia 9¼ 91	200	*102⅛	103	+0⅛	−0⅞	8.91
Barclays O/S In. 8⅞ 94	100	*95	95½	−0⅛	−1⅛	9.04
Canada 8⅜ 89	200	*100⅛	100⅜	−0⅛	−0⅞	8.42
Comp. Tel. Esp. 10½ 92	100	*100	100⅛	−0½	−0⅞	10.44
Cred. Foncier 8⅞ 92	100	*96⅜	97⅛	−0⅛	−1	9.24
Denmark 10 88	100	*100⅞	100⅞	−0⅛	−0⅛	9.86
Denmark 10⅛ 92	100	*101⅞	102⅛	−0⅛	−0⅛	9.82
EDF 9⅞ 92	100	*100⅜	101⅛	−0⅛	−0⅜	9.74
EEC 9⅜ 94	200	*102⅛	103½	−0⅛	+0⅛	9.30
EIB 8⅞ 92	100	*95⅛	95⅜	−0⅛	−1⅛	9.10
Int.-Am Dev. Bk. 9 92	150	*98⅜	98⅞	−0⅛	−0⅜	9.23
Ireland 10⅛ 88	100	*101½	102⅛	0	−0⅛	9.56
Nacnl. Financiera 11 90	150	*98½	99	−0½	−0⅞	11.23
Nat. West. 9⅞ 92	100	*103⅛	104⅛	−0⅛	0	9.25
OKB 9⅜ 86	150	*101⅛	102⅛	0	−0⅛	9.28
Philip Morris 8⅜ 90	100	*99⅛	100	−0⅛	−0⅛	8.31
Quebec 10⅛ 92	150	*102⅛	103⅛	0	−1⅛	9.54
Renfe 10 92	100	*99⅜	99⅞	−0⅛	−0½	10.06
Tauernautobahn 9⅞ 94	50	*101⅞	102	−0⅛	−1⅛	9.61
World Bank 9½ 89	100	*101⅛	102⅛	−0⅛	0	9.08
World Bank 8⅝ 92	200	*95⅞	96⅜	−0⅛	−1⅛	9.08

Average price changes On day −0⅛ on week −0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6¼ 92	100	100⅛	100⅞	−0½	−0⅞	6.21
Asian Dev. Bank 7 92	100	100⅛	100⅞	−0⅛	−0⅛	6.96
Aucalsa 7⅜ 92	80	97½	97⅞	−0⅛	−1⅛	8.10
Australia 6½ 94	100	102⅛	102⅞	−0⅞	−0⅞	6.16
Cse. Nat l'Energie 7 92	100	100⅞	101⅛	−0⅛	−0⅛	6.85
CFE-Mexico 8⅜ 92	50	98	98½	−0⅛	−0⅞	8.51
Co-op. Denmark 8⅜ 92	25	†104	104½	−0⅛	−0⅛	7.73
Crown Zellrbch. 6⅜ 92	100	100⅛	100⅜	−0⅛	−1⅛	6.67
Europarat 7⅛ 92	100	100½	100⅜	−0⅞	−0⅞	7.18
First City Fin. 8⅛ 92	25	102⅛	102½	−1⅛	−1⅛	7.88
Ind. Fund Finland 6⅞ 92	30	98⅛	98½	0	−0⅛	6.98
Kobe City 6⅜ 92	100	99⅜	99⅞	−0⅛	−1⅛	6.16
Kommunlans 7⅜ 92	35	100⅛	100⅜	−0⅛	−0⅛	7.18
Manitoba 7 92	100	105	105⅛	−0⅛	−0⅛	6.27
Mitsui OSK 6⅜ 92	100	99⅞	100⅛	−0⅛	−1⅛	6.50
National Pwr. Co. 8 92	30	103	103⅛	−0⅛	−0⅛	7.53
Nippon T. and T. 6⅜ 92	100	102	102⅛	+0⅛	−0⅛	6.30
OKB 7⅜ 92	100	102	103½	−0⅛	−1⅛	7.27
Ost. Postspar 7⅜ 92	100	102	102⅜	−1⅛	−1⅛	7.18
Philip Morris 6⅝ 92	100	102⅞	103⅛	−0⅛	−1	6.28
Philip Morris 6⅜ 94	100	100⅛	100⅛	−0⅛	−1⅛	6.20
Quebec 7⅜ 92	100	104⅛	104⅜	−0⅛	−0⅞	6.71
Renfe 7⅜ 92	80	98⅜	99	−0⅛	−1⅛	7.92
Sekisui Pre. 5⅜ 92 WW	70	102⅞	103⅛	−0⅛	−1⅛	5.35
Soc. Lux. de Cnt 8⅜ 92	80	105⅛	105⅜	−0	+0⅛	7.17
Vorarlberg Kraft 6⅞ 92	50	102	102⅛	0	−0⅞	6.45

Average price changes... On day −0⅛ on week −1⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	99⅜	100⅛	−0⅛	−0⅛	8.24
Int.-Amer. Dev. 8⅞ 91	15	101⅞	102⅛	−0⅛	−1	8.58
Japan Airlines 7⅞ 87	9	96⅜	96⅞	−0⅛	−0⅛	8.83
New Zealand 8⅞ 87	15	99⅜	100½	−0⅛	0	8.37
World Bank 8⅞ 92	20	99⅞	99⅞	−0⅛	+0⅛	8.50

Average price changes... On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†95	96½	−0½	−1⅛	17.13
Can. Pac. S. 16⅛ 89 C$	50	†98	98⅛	0	−0⅛	16.78
Crd. Foncier 17¼ 89 C$	30	†99	99⅛	0	−0⅛	17.29
Hudson Bay 17 89 C$	40	†98⅛	98⅞	−0⅛	−1⅛	17.36
Q. Hyd. 16½ 89 (My) C$	50	†98⅜	98⅞	0	−0⅛	16.98
Quebec Prov. 16½ 89 C$	50	†99	99½	+0⅛	+0⅛	16.82
Simpsons 16⅞ 89 C$	40	†96	96⅞	−0⅛	−1	17.66
U. Bk. Nwy. 9½ 90 EUA	18	89⅜	90⅛	0	−0⅛	11.53
Amro Bank 10 87 Fl	150	99	99½	0	−0⅛	10.19
Bk. Mees & H. 10 87 Fl	75	98⅛	98⅞	−0⅛	−0⅛	10.38
Eurofima 10½ 89 Fl	50	100⅛	100⅞	+0⅛	−0⅛	10.35
Ireland 10½ 87 Fl	75	98½	99	−0⅛	−0⅛	10.80
Phil. Lamps 10¼ 87 Fl	100	99⅜	100⅛	−0⅛	−0⅛	10.20
World Bank 10 87 Fl	150	98	98½	−0⅛	−0⅛	10.47
OKB 14 86 FFr	400	82	83	0	−0⅛	16.80
Solvay et C. 14⅛ 86 FFr	200	81⅞	82⅞	0	−0⅛	17.61
Acona 14 85 £	20	96	97	0	+0⅛	15.27
Beneficial 14⅛ 90 £ (D)	20	89⅜	90⅛	+0⅛	+0⅛	16.42
BNP 13¾ 91 £	15	93⅛	94⅛	+0⅛	+0⅛	14.70
CECA 13⅜ 88 £	20	95⅛	96⅛	0	+0⅛	14.51
Fin. Ex. Cred. 13⅜ 86 £	15	96⅜	97⅛	+0⅛	+1⅛	14.92
Gen. Elec. Co. 12⅛ 89 £	50	92⅝	93⅞	0	0	14.05
Hiram Walker 14⅛ 86 £	25	97⅛	98⅛	−0⅛	+0⅛	14.79
Privatbanken 14½ 88 £	12	94⅛	95⅛	0	+0⅛	15.87
Quebec 15½ 87 £	35	101⅞	102⅛	−0⅛	−0⅛	14.78
Reed (Nd) NV 16⅜ 89 £	25	104⅛	105⅛	+0⅛	+1⅛	15.53
Royal Trustco 14 86 £	12	96	99	0	−0⅛	14.48
SDR France 15⅜ 92 £	30	100⅛	101	+0⅛	+0⅛	15.34
Swed. Ex. Cr. 13⅜ 86 £	20	97⅞	98⅞	−0⅛	+0⅛	14.28
Eurofima 10½ 87 LuxFr	500	95⅜	96⅞	0	−0⅛	11.51
EIB 9⅜ 88 LuxFr	600	91⅛	92⅜	−0⅛	−0⅛	11.67

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0⅛	98⅛	98⅜	15/10	15.69	15.95
Bank of Montreal 5¼ 91	0⅛	98⅞	99⅛	29/10	15⅛	15.25
Bk. of Tokyo 5¼ 91 (D)	0⅛	98⅞	99⅛	8/12	15⅛	15.39
Bk. Nova Scotia 5¼ 93	0⅛	99⅛	99⅜	29/10	15⅛	15.22
BFCE 5¼ 88	0⅛	99⅛	99⅜	28/10	15	15.09
BFCE 5¼ 87	0⅛	99⅛	99⅜	27/7	16⅛	16.33
Caisse Nat. Tele. 5¼ 90	0⅛	99⅛	99⅜	21/10	15⅛	15.63
CCCE 5¼ 2002	0⅛	98⅛	99	11/6	14.82	15.00
Co-Ban Eurofin 5½ 91	0⅛	99	99½	14/10	16	16.12
Credit Agricole 5½ 97	0⅛	99⅛	99⅜	24/9	15.44	15.53
Credit Lyonnais 5¼ 97	0⅛	99⅜	99⅞	1/10	16	16.06
Credit Nat. 5¼ 94	‡0⅛	98⅛	98⅞	9/9	14.88	14.99
Denmark, Kngdm of 92	0⅛	†99	99⅛	25/8	15.66	15.67
Den Norske Cred. 5½ 93	0⅛	98	98½	4/12	15	15.27
Ind. Bank Japan 5¼ 88	0⅛	99⅛	99⅜	12/11	14⅛	14.57
Ireland 5¼ 89/94	0⅛	†98⅛	99	25/12	14⅞	14.94
Kansallis Osake 5½ 92	0⅛	99⅛	99⅜	6/11	15.31	15.39
Lloyds Eurofin 5¼ 93	§0⅛	99⅛	99⅜	29/10	17⅛	17.23
Long Term Cred. 5¼ 92	0⅛	98⅞	99⅛	29/11	14⅞	14.95
J. P. Morgan 5¼ 97	§0⅛	98⅛	99⅛	12/8	14⅛	14.27
Nat. West. Fin. 5¼ 91	§0⅛	99⅛	99⅜	15/7	15.19	15.28
New Zealand 5¼ 87	0⅛	99⅛	99⅞	7/10	15.56	15.62
Nippon Credit 5¼ 90	0⅛	99⅛	99⅞	10/8	16.06	16.18
Offshore Mining 5¼ 91	0⅛	99	99½	2/12	14.18	14.29
PKbanken 5 91	0⅛	99	99½	17/6	14⅛	14.48
Scotland Int. 5¼ 92	0⅛	98⅛	99⅛	23/9	15⅛	15.55
Sec. Pacific 5¼ 91	0⅛	99½	100	24/11	15	15.04
Societe Generale 5¼ 95	0⅛	99⅛	99⅜	1/9	15.31	15.41
Standard Chart. 5¼ 91	0⅛	98⅜	99⅛	16/11	14⅞	15.08
Sumitomo Fin. 5½ 88	0⅛	99⅛	99⅜	9/8	16	16.08
Sweden 5¼ 89	0⅛	99⅛	99⅜	28/8	15.32	15.41
Toronto Domin'n 5¼ 92	0⅛	99	99½	11/8	16⅛	16.50

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	81⅛	93⅛	−2⅛	2.47
Bow Valley Inv. 8 95	4/81	23.12	99	100⅛	−0⅛	64.05
Bridgestone Tire 5½ 96	3/82	470	81⅛	83	−0⅛	−2.20
Canon 6⅜ 95	1/81	829	85½	87⅛	−2⅛	5.79
Daiwa Secsi 5½ 96	12/81	513.3	164	66	0	2.87
Fujitsu Fanuc 4½ 96	10/81	5641	79½	81½	−3½	−3.96
Furukawa Elec. 5⅜ 96	7/81	300	87½	89	−2⅛	−5.53
Hanson O/S Fin. 9½ 95	8/81	1.38	†93	94	−3	−7.80
Hitachi Cable 5⅞ 96	2/82	515	80⅛	81⅞	−3⅛	−2.79
Hitachi Cred. Cpn. 5 96	7/81	1612	74	76	−0⅛	4.36
Honda Motor 5½ 97	3/82	841	79⅛	80⅞	−0⅛	0.19
Inchcape 8 95	2/81	4.55	158⅛	60	0	19.39
Kawasaki 5⅜ 96	9/81	229	59	60½	−0⅛	4.17
Marui 6 96	7/81	846.4	99	100⅛	−1	2.00
Minolta Camera 5 96	10/81	826.4	59⅛	60⅛	−1	21.20
Minorco 8⅜ 97	5/82	8.16	†85	86½	−1⅛	35.08
Murata 5⅜ 96	7/81	2168	65⅛	67⅛	−1⅛	13.82
NKK 6½ 96	7/81	188	67	68½	−4	−26.76
Nippon Chemi-C 5 91	10/81	919	61⅛	63⅛	−1⅛	17.66
Nippon Electric 5⅜ 97	2/82	846	86⅛	90⅛	−2⅛	2.21
Orient Finance 5⅜ 97	3/82	1205	91⅞	93⅛	−1⅛	−8.39
Sanyo Electric 5 96	10/81	652	65⅛	67⅛	−2⅛	10.14
Sumitomo Elec. 5½ 97	3/82	677.3	85⅛	87	−1⅛	3.97
Sumitomo Met. 5⅜ 96	10/81	296.1	62⅛	64⅛	−0⅛	31.79
Swiss Bk. Cpn. 6⅜ 90	9/80	191	73	75½	−0⅛	19.31
Konishiroku 6 90 DM	2/82	565	*100⅛	101⅛	−0⅛	5.88
Mitsubishi H. 6 89 DM	2/82	263	*91⅛	92⅛	+1⅛	23.16

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Thomson axes 400 jobs on medical products side

BY TERRY DODSWORTH IN PARIS

THOMSON - BRANDT, the French electronics company, plans to axe around 400 jobs in its loss-making medical products division, which has been seriously affected by the world decline in hospital spending.

The decision follows a month after Thomson, one of the companies recently nationalised by the Government, announced consolidated losses of around FFr 180m ($28.5m) for 1981. Problems in its colour television tubes division and public telephone interests were blamed for the bulk of this deficit, but it is known that the medical products activities are also in trouble.

The medical products division, a specialist in the manufacture of scanners, is run by Compagnie Generale de Radiologie (CGR). It has a total staff of around 4,200, of whom 3,450 are employed in France. Consolidated turnover last year totalled FFr 3.2bn ($508m), against FFr 43.6bn for the Thomson group as a whole.

Thomson said last night that many of the employees who are losing their jobs through the reorganisation should be found new employment in the group elsewhere. It was hoped that the slimming operation would improve the results of the company, while releasing resources for investment in research and development.

● In another announcement yesterday, Thomson denied that it is to take licences from JVC of Japan to manufacture video tape recorders in France. The company said it had no such plans "for the moment."

● Honeywell has now signed the agreement which will reduce Honeywell Information Systems interest in CII-Honeywell Bull to 19.9 per cent from 47 per cent.

German bank improves earnings

BY STEWART FLEMING IN FRANKFURT

THE TRADE union-owned Bank für Gemeinwirtschaft has substantially improved operating earnings in the first half of 1982 after drawing on hidden reserves in 1981 to avoid declaring a loss.

The bank did not pay a dividend last year, and cannot say yet whether payments will be resumed in 1982. Last year it declared a balanced result—neither profit or loss—after taking into its accounts extraordinary earnings of DM329m ($136.2m).

BfG had conceded earlier that it had afiled to judge interest rates correctly at the beginning of last year, and thus suffered heavy losses from the mismatching of loans. Decisions to sell mismatched assets at a loss also hit profits.

Interest earnings last year fell from DM 622m to DM 404m as a result of these problems, with the most serious profit problems *emerging in the second half of* the year.

The disposal of mismatched assets and their replacement with profitable lending in a period of falling interest rates has considerably improved the bank's performance. For the first six months, interest earnings are expected to come out at DM 350m, and for the year could be at least double that.

The impact of this improvement on declared profits remains uncertain, however. The bank is heavily committed to Poland and other East bloc lending and is expected to make further substantial provisions.

Fed approves takeover of Litco by BCI

By Rupert Cornwell in Rome

BANCA Commerciale Italiana (BCI), one of the three big commercial banks owned by IRI, has secured approval from the U.S. Federal Reserve Board to acquire Litco Bancorp of New York in a deal worth $93m.

BCI is to pay about $35 per share for the entire common stock of Litco. The Italian bank, under the agreement outlined last year, is also due to inject some $20m of new capital.

The U.S. concern has 100 per cent control of Long Island Trust Company, a banking enterprise with total assets of about $1bn at the end of 1981. It has 48 branches in New York State.

Christiania moves ahead in first four months

BY FAY GJESTER IN OSLO

CHRISTIANIA BANK, one of *Norway's three leading commercial* banks, achieved higher profits in the first four months of 1982, but said profitability was still too low.

Unlike most Norwegian banks, it was able to make a slight increase in interest charges to customers in the period. Many banks had to reduce charges to comply with central bank ceilings—14.2 per cent on short-term and 12 per cent on medium- and long-term loans.

Operating profit, after depreciation but before provision for bad debts, reached NKr 80.2m ($13.1m) in the four months, corresponding to 0.9 per cent of *average capital* employed. This compared to NKr 54.7m and 0.73 per cent in the same period last year.

Net interest earnings amounted to 3.08 per cent of average capital employed, compared with 2.98 per cent a year earlier.

Christiania is to acquire the outstanding shares in Norsk Kausjon, a small insurance company in which it now has a 38 per cent stake. After the takeover, it will co-ordinate the company's activities with those of Heimdal, another insurance company already wholly-owned. Both companies deal mainly with credit insurance.

Heavy loss for French chemicals group

By Our Paris Staff

CdF CHIMIE, one of the three big chemicals groups around which the French Government is planning to reorganise the industry, *yesterday announced* a sharp rise in consolidated losses to FFr 1.2bn ($190.5m) for last year.

The deficit, more than double the FFr 546m loss of 1980, further underlines the crisis which hit the French chemicals industry last year. Rhone-Poulenc, the leading company in this sector also lost FFr 335m last year, and Pechiney Ugine Kuhlmann's chemicals subsidiary, now being taken over by Elf-Aquitaine, was also in deficit.

CdF Chimie, a subsidiary of the nationalised Charbonnages de France coal company, blamed part of its problems last year on the slack market. Turnover rose by only 8 per cent, about 6 per cent less than the rate of inflation, to FFr 11.8bn.

At the same time, however, the company said it was hit by high interest payments. It claimed that these were partly caused by the imbalance in its financial structure, deriving from the Government's failure in the past to inject sufficient new capital.

The biggest proportion of of last year's deficit was contributed by the petrochemicals and plastics divisions. Their losses amounted to about two-thirds of the total, the company said, mainly because they were unable to recuperate the higher cost of raw materials in higher prices.

The fertiliser division ran into similar difficulties, essentially because of increases in natural gas prices.

Economy measures introduced last year led to cuts of about 1,100 from the 13,000 workforce, along with the closure of several factories, particularly in polyethylene, phosphoric acid and fertiliser production.

The company added that it had submitted a plan to the Government for restoring its profitability, a situation which was briefly reached in 1979 after two years of losses. But its return to financial stability would depend on capital injections from the State.

James Buxton reports on changes in Italian telecommunications

Italtel on the road to recovery

FEW COMPANIES follow up the announcement of the largest loss in their history by placing full page advertisements in the Press. Yet that is exactly what Italtel, the Italian state-owned telecommunications equipment maker, has been doing in the past few weeks.

The advertisements do not actually say that Italtel last year lost L268bn ($200.9m) on sales of L704bn. They talk of large losses but concentrate mainly on ambitious recovery plans which are intended to bring back the Milan-based concern to break even by 1984. Italtel is under determined new management, and wants to show it.

Italtel's heyday and the makings of its downfall came in the 1970s when it set about the task of supplying telephones and telephone exchanges for Italy's somewhat belated programme of universal subscriber trunk dialling.

To meet the demands of the political slogan "a telephone for everyone," Italtel more than trebled its workforce from 9,000 in 1968 to 30,000 in 1979, making up in manpower what it lacked in efficiency. The response to high levels of absenteeism in the poorly-managed and terrorist-ridden factories was to hire more bodies.

The expansion in production, however, was mainly confined to traditional, labour intensive electro-mechanical technology. Research and development of electronic technology did not get forgotten, however. But it was a wild, ill-co-ordinated expansion which saw research staff rise from almost zero to 2,000 in a few years.

Trouble began in 1974 when the SIP, the state-owned telephone utility, suddenly cut its orders. This was partly because of the economic slowdown after the first oil crisis, and partly because the Government refused to let it raise its tariffs in line with inflation. SIP invested less and less in real terms, and Italtel's real turnover dropped 30 per cent between 1976 and 1980.

"It was a kind of machine that was just going slower and slower," says Sra Marisa Bellisario, the 45-year-old woman who took over as managing director last year after a career with Olivetti, the electronics company.

Shedding labour in large private sector Italian companies is difficult, but in the state sector—Italtel is part of the IRI state holding—it is virtually taboo.

However, after interminable negotiations with the unions, the tough but gracious Sra Bellisario last year signed an agreement which has allowed Italtel to freeze recruiting. The agreement also means it can make use of labour turnover, early retirement and other devices to cut the labour force to about 25,000 by the end of this year, halfway to the target of 21,000 by 1985. Large numbers of workers have been put on state-assisted lay-off, and last year there was a jump of 46 per cent in output per employee.

Absenteeism is also said to be dropping. It was 22 to 23 per cent in 1979 and 15 per cent or less today. Stocks, instead of representing a record 11 months revenue at the end of 1980, were equivalent to seven months at the end of last year—the first fall in a decade, but still too high for Sra Bellisario.

She has brought in a new management and is improving the structure of the group, whose weakness was responsible partly for the company's present troubles.

Some L79bn of last year's L268bn loss was because of write-offs on a Brazilian subsidiary where Sra Bellisario put an expensive end to what she calls a "crazy" situation. Nevertheless debt servicing charges rose 25 per cent to L148bn against 111bn in 1980. Italtel hopes to get losses down to about L100bn this year.

But much of Italtel's recovery depends on success in meeting Italy's demands for a network of electronic exchanges and in exporting its new product.

Italtel has developed an electronic switching device called the Proteo, of which about 60 different examples are already in operation.

After lengthy consideration, Italtel made a co-operation agreement in April with General Telephone and Electronics (GTE) of the U.S., under which they will share technology to develop a new electronic exchange for the Italian market and for export in areas outside the American standard zone. Fiat's successful telecommunications subsidiary, Telettra, is also to be involved in the projects, which will bear the Proteo name. It should be in production by the middle of the decade, so that by 1988, the SIP is not expected to order any more electro-mechanical exchanges.

Sra Bellisario chose GTE against Ericsson, the Swedish concern, which like GTE already manufactures in Italy. She felt that though Ericsson offered technology at a more advanced level of development, an agreement with GTE offered greater long-term export possibilities.

Italtel hopes to export 25 per cent of its turnover in 1990, when its new models will be in full production.

Nevertheless, critics of Italtel have said that she has made the more risky choice. But Sra Bellisario does not seem daunted: "This may look ambitious but we have analysed it. CIT-Alcatel (of France) started from scratch. This is a good moment to go into the market. These are not excessive goals."

Sra Marisa Bellisario, Italtel managing director

Companies and Markets

INTL. COMPANIES & FINANCE

S. African panel seeks to undo wine rationalisation

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S Competition Board has completed its investigation into the country's wine industry and has recommended that many of the arrangements forming part of the rationalisation of the liquor industry at the end of 1979 be reversed.

The board's recommendations are being considered by Mr Dawie de Villiers, the Industries Minister. To take effect they would need to be voted on by Parliament.

In 1979, the Government sanctioned the division of the South African liquor industry along product lines. South African Breweries (SAB), acquired Intercontinental Breweries (ICB) from the Rembrandt Group, and became the country's sole brewer.

SAB wine interests, held through Stellenbosch Farmers Winery (SFW), and Rembrandt's wine interests, held through Oude Meester, were merged to form Cape Wine and Distillers.

Cape shares were split—30 per cent went to SAB, 10 per cent were sold to the public, 30 per cent were given to Rembrandt and 30 per cent went to the Kooperatiewe Wijnbouers Vereeniging (KWV), which represents the country's 6,000 wine growers. These last two shares were later merged under one corporate umbrella, making up a 60 per cent holding in Cape Wine. The company enjoys a near monopoly of the production and bulk distribution of wine.

A further part of the 1979 arrangement was that the production and retail sides of the liquor industry were to be separated. Limits were placed on the number of retail liquor outlets one person or company was allowed to own and SAB and Rembrandt were given 12 years to dispose of their retail liquor chains.

The Competition Boards' report, which was presented to Parliament this week, is highly critical of the 1979 arrangements, saying they limited competition and therefore, could not be in the public interest. The report adds that SAB's 30 per cent holding in Cape Wine is not in the public interest and that KWV should sell its interest in Cape Wine. In addition, it recommends that steps be taken to end Cape Wine's shared control of SFW and Oude Meester.

However, the board's recommendations falls short of undoing the acquisition of ICB by SAB. The former, whose results were never made public, failed to break SAB's predominant position in the beer market and it was thought to have operated at a substantial loss.

The board's investigation took into account the difficulties faced by other brewers wishing to challenge SAB's position.

In another recommendation, the board proposes that SAB should sell its remaining retail liquor outlets within five years and that the granting of liquor licences be subject to less restrictions. This would allow grocers to trade in spirits and beer as well as wine.

SAB and Cape Wine are examining the proposals, and have made no statement yet on their positions. However, the KWV is strongly opposed to the extension of grocers' licences. The country's vocal and politically important wine growers are expected to protest against any moves that would weaken their trading position against those of makers of other alcoholic beverages.

Telefonica profits flat despite jump in revenue

By Robert Graham in Madrid

SPAIN'S semi-private national telephone monopoly, Telefonica, has announced a post-tax profit for 1981 of Pta 23.87bn ($238m) on operating revenue of Pta 204bn. This compares with similar profit in 1980 of Pta 23.81bn on operating revenue 21 per cent lower at Pta 164bn.

Real profits declined measured against last year's 14.5 per cent inflation. The decline in profitability has been directly attributable to increased operating costs and a sharp rise in financial charges. The latter rose by 40 per cent to Pta 46bn. This in good measure represents the increased cost of borrowing money in 1981 accompanied by a sharp drop in the value of the peseta.

In particular foreign debt service rose by 90 per cent to Pta 11.4bn. Telefonica accounts show a foreign exchange loss of Pta 3.8bn and the doubling of provisions for foreign exchange risk to Pta 3bn.

Operating revenue was up largely as a result of increased charges permitted by the Government—but the company also claims improvements in productivity. Investment during the year rose by 13.7 per cent to Pta 132bn. This was around Pta 3bn less than expected.

However, the company has been obliged by the domestic recession to reduce its investment plans—a move which in turn has caused serious problems for its main suppliers like Standard Electrica Espanola and Marconi. Investment for 1982 is planned at Pta 142bn, down Pta 10bn.

Amortisation of fixed assets totalled Pta 56bn (Pta 40bn). While this was 4.4 per cent of average amortiseable plant, it is below the 7 per cent government target. This year's government take 6 per cent of operating income, is Pta 12.26bn. Telefonica proposes an 11 per cent dividend and is considering a capital increase of Pta 11-15bn.

Slower growth for Edgars

BY OUR JOHANNESBURG CORRESPONDENT

EDGARS, the 420-store South African chain of clothing shops, earned a profit of R46.5m ($50.9m) before tax and interest in the 39 weeks ended April 10, 1982. Turnover was R361.8m. In the 53 weeks ended June 11, 1981, turnover was R383.4m and profit before interest and tax R52.4m.

Edgars' financial year end has been changed to fit in with that of South African Breweries which, in February this year, acquired a 60 per cent interest in Edcon which, in turn, holds 50 per cent of Edgars' equity.

The chain's earnings growth has slowed in line with poorer consumer spending since the start of this year, while interest payments were affected by a higher level of debt and higher interest rates. In the 39 weeks just ended, Edgars' interest bill was R9.3m against R5.6m in the preceding 53 weeks.

Borrowings, according to Mr Adrian Bellamy, the executive chairman, were pushed up by the need to finance the acquisition of the 34-store Ackermans chain. It is planned to sell some of the Ackermans properties to release funds to reduce debt. In the four months in which Ackermans was consolidated with Edgars, December to April, it recorded a small after-tax loss, though this was an improvement on its performance under previous management.

This year the directors expect only moderate earnings growth and they say that it is intended to increase dividend cover slowly over the next few years. A total dividend of 440 cents has been paid from earnings of 1,139 cents a share in the 39 week financial period. In the previous 53 weeks, earnings were 1,484 cents a share and a total dividend of 570 cents was declared.

Malaysian merchant bank boosts earnings by 70%

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN International Merchant Bankers lifted pre-tax earnings by 70 per cent to 7.7m ringgit (US$3.4m) in 1981 and after-tax profits by 70 per cent to 3.9m ringgit.

Gross operating revenue rose by 60 per cent to 26.2m ringgit with a significant portion coming from fee-based activities. The dividend is an unchanged 12.5 cents a share.

Assets increased by 25 per cent to 350m ringgit and customers' deposits by 6 per cent to 161m ringgit. The bank is fourth among Malaysia's 12 merchant banks in terms of deposits and assets, and third in terms of shareholders' funds.

● A team of the San Francisco-based Fireman's Fund Insurance is in Malaysia for talks with Sime Darby on setting up joint ventures to go into the insurance business on a large scale in Malaysia and the Asean countries.

At present the Fireman's Fund, which is the tenth largest property-liability insurer in the U.S., has no presence in South-East Asia, while plantation-based Sime Darby has some of the best business contacts in the region.

Seiko in U.S. software venture

K. HATTORI, leader of the Seiko group, Japan's largest watch manufacturer, and Seikosha, a timepiece and small-computer manufacturer in the group, have announced an agreement with Science Management Corporation (SMC), a U.S. computer software company, to set up a joint enterprise in New Jersey shortly, Kyodo reports from Tokyo.

The joint company, to be named SMC Seicom, will have a paid-up capital of $50.12m, of which 64 per cent will be put up by SMC and the remainder by Hatori, Seikosha and Tokyo Boeki.

The joint company will develop small computers suited to U.S. companies. The new computer series thus developed would be manufactured by Seikosha in Japan.

Robert Cottrell reports on the controversy over promissory notes for land

Hong Kong faces a £960m headache

A HK$10bn (£960m) headache confronts the Hong Kong Government, as it decides how to mop up a sea of expensive promissory notes which it has issued over the past 20 years.

The notes, called "Letters B," have been issued by the Government in exchange for land which it has acquired for residential and industrial development in the once-agricultural New Territories, comprising the bulk of mainland Hong Kong, and the scattered islands with the exception of Hong Kong island itself.

Letters B have a hybrid function: From the Government's point of view they are debt instruments. From the holder's point of view, they are property futures. As debt, they have proved formidably expensive, since they are effectively indexed to what has been a soaring property market.

And looked on as property futures, they depend on the property being there against which they may be redeemed. At the moment, it is not.

Hence the headache. And a working party under Mr John Todd, the Government's director of lands, is now looking into solutions.

The primary outcome is likely to be an end to the issuing of new Letters B in a few months' time. As to mopping up the HK$10bn-worth of outstanding notes there are, as yet, no clear indications of how it might be done, other than that a buyout is too expensive to be at all attractive to the Government.

The Hong Kong Government is the freeholder of Hong Kong island and the southern tip of the Kowloon peninsula. The New Territories are held on a lease from China which expires in 1997. The Government leases and sub-leases its land to the private sector, and derives substantial revenues from doing so.

The New Territories have been the focus of residential and industrial development over the past two decades, as Hong Kong island and urban Kowloon have reached saturation density. To develop the New Territories, the Government has compulsorily bought out smallholders, parcelled up large tracts of land, provided a civil engineering infrastructure, allocated land for public sector needs such as housing and schools, and then sold back the remaining development land to the private sector.

While cash compensation was offered to the holders of New Territories land which the Government required for development, it was felt that local people should have a chance to share in the development and prosperity of their neighbourhood. To this end, in 1960, Letters B were introduced.

For every 5 sq ft of agricultural land surrendered, a Letter B could be obtained entitling the holder, in lieu of cash compensation, to 2 sq ft of New Territories development land, when it should be made available. The scheme had the additional feature of conserving government money by deferring payment. Where land already used for buildings was surrendered to the Government, the Letters B entitlement ratio was a straight one-to-one.

When land in Hong Kong is put to a more profitable usage, for instance when agricultural land is developed for residential or industrial usage, a premium is payable to the Government reflecting that change of usage and contemporary property market conditions.

So, when Letters B holders exercise their right to acquire new land, they are exchanging their formerly undeveloped land for land zoned for more profitable usage, and a premium is therefore payable.

But the special feature of Letters B which turns them into a property future is that the premium payable is not that prevailing when the new land is bought, but the premium prevailing when the Letter B used to acquire it was issued. If a 1964 Letter B had been used to buy land in 1979, the premium payable would have been that prevailing in 1964, and not in 1979.

Where land is to be offered to Letter B holders, it is done so on a competitive tendering basis. Land on Hong Kong island and urban Kowloon is sold at cash auction. New Territories land may go to Letter B tender or cash auction at the Government's discretion.

The official record showing variations in New Territories premia by year and by area is known as the "Chart W," and it provides a dramatic record of how Hong Kong property values have risen. In January 1960, for instance, the premium per square foot payable on industrial land in Sai Kung district was HK$17. In October 1981 it was HK$1,200. The difference between those figures indicates the effective value of a 1960 Letter B still held in 1981.

A second feature relating to the exercise of Letters B is that their purchasing power is deemed to increase with age. So if otherwise equal tenders were now received for the same package of land, one in 1964 Letter B, the other in 1968 Letter B, the 1964 Letter B bid would be successful.

This "queuing system" on a first-out first-in basis reflects the originally-conceived function of Letters B, to give some priority to those from whom the land was acquired in regaining a stake in it.

But while the underlying concept of Letters B has a folksy charm about it, the reality became far different. As property values and hence premia rose, Letters B became increasingly valuable commodities which soon found their way out of smallholders' pockets and into the balance sheets of property companies.

Letters B now outstanding are estimated to represent some 40m sq ft of resumed land, and the secondary market is reckoned to have resulted in three property companies, two of them publicly quoted, holding half of that total. Those outstanding Letters B represent some 40m sq ft of surrendered land.

It is not surprising that there should be some overhang of unexercised Letters B. There is no time restriction on their use, they may have been bought speculatively, to be exercised according to market conditions.

But that the overhang should be so large reflects the Government's thirst for land over recent years, particularly to accelerate its public housing programme. As the proportion of land required by the public sector in any given development increased, so the proportion available for allocation to the private sector diminished. The Government was acquiring land with Letters B which, in the short term at least, it could not satisfy.

In 1978, recognising that the system was getting out of hand, the Government reduced the allocation of Letters B to a maximum of half the land surrendered, the balance of compensation to be settled in cash. The implied ratio of land acquired to land released fell, then, from five-to-two, to five-to-one. Still the surplus remained—65 per cent of now-outstanding Letters B date from 1978 and after.

Since 1978 another factor has intervened. Property values over the last year have been falling. Industrial land in Tsuen Wan stood at a Chart W premium of HK$ 1,200 per sq ft last October. This April, the figure was HK$ 750. No privilege there to pay a 1981 premium—though where current premia are lower than Chart W premia, the lower price prevails, so holders are left with a worthless rather than a negative asset.

The system, in short, no longer works to anybody's benefit. Too many notes for too little land which nobody wants to use their more valuable Letters B for anyway. But apart from a cash buyout, which falls into the "least-likely" category, how to wind it all up?

The high cards are, in theory in the Government's hand. It has issued open-ended notes which it could simply let drift on into the mists of 1997. But not only would the Government hear from the developers in stiff terms if no fair exchange seemed in prospect, but it also recognises its liability and is looking for a generally acceptable solution.

One reasonable compromise might be to offer all land ultimately to cash auction, but allow holders of Letters B to pre-empt the auction with paper tenders of their own, and allowing a buffer period in which developers could adjust their holdings of Letters B to the new market situation.

Perhaps, even, converting outstanding Letters B into some sort of fixed-term bond issue? It would have the merit of formalising their status as government debt and at the same time defer repayment. Perhaps, too, a more predictable interest rate coupon could be attached.

BASE LENDING RATES

A.B.N. Bank	12½%	Robert Fraser	13 %
Allied Irish Bank	12½%	Grindlays Bank	‡12½%
American Express Bk.	12½%	■ Guinness Mahon	12½%
Amro Bank	12½%	■ Hambros Bank	12½%
Henry Ansbacher	12½%	Heritable & Gen. Trust	12½%
Arbuthnot Latham	13 %	■ Hill Samuel	§12½%
Associates Cap. Corp.	13 %	C. Hoare & Co.	†12½%
Banco de Bilbao	12½%	Hongkong & Shanghai	12½%
BCCI	12½%	Kingsnorth Trust Ltd.	14 %
Bank Hapoalim BM	13 %	Knowsley & Co. Ltd.	13 %
Bank of Ireland	12½%	Lloyds Bank	12½%
Bank Leumi (UK) plc	12½%	Mallinhall Limited	12½%
Bank of Cyprus	12½%	Edward Manson & Co.	14 %
Bank Street Sec. Ltd.	14 %	Midland Bank	12½%
Bank of N.S.W.	13 %	■ Samuel Montagu	12½%
Banque Belge Ltd.	13 %	■ Morgan Grenfell	12½%
Banque du Rhone et de la Tamise S.A.	13 %	National Westminster	12½%
Barclays Bank	12½%	Norwich General Trust	12½%
Beneficial Trust Ltd.	13½%	P. S. Refson & Co.	13 %
Bremar Holdings Ltd.	13½%	Roxburghe Guarantee	13 %
Brit. Bank of Mid. East	12½%	E. S. Schwab	13 %
■ Brown Shipley	13 %	Slavenburg's Bank	12½%
Canada Perm't Trust	13½%	Standard Chartered	‖12½%
Castle Court Trust Ltd.	13 %	Trade Dev. Bank	12½%
Cavendish G'ty T'st Ltd.	14 %	Trustee Savings Bank	12½%
Cayzer Ltd.	13 %	TCB Ltd.	13 %
Cedar Holdings	13 %	United Bank of Kuwait	12½%
■ Charterhouse Japhet	12½%	Whiteaway Laidlaw	13 %
Choulartons	13 %	Williams & Glyn's	12½%
Citibank Savings	¶12½%	Wintrust Secs. Ltd.	12½%
Clydesdale Bank	12½%	Yorkshire Bank	12½%
C. E. Coates	13½%		
Comm Bk of Near East	13 %		
Consolidated Credits	13 %		
Co-operative Bank	*12½%		
Corinthian Secs.	12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
Eagil Trust	12½%		
E.T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9.5%, 1-month 9.75%. Short term £8,000/12 month 12.1%.
† 7-day deposits on sums of under £10,000 9½%, £10,000 up to £50,000 10¼%, £50,000 and over 11%.
‡ Call deposits £1,000 and over 9½%.
‖ 21-day deposits over £1,000 10½%.
§ Demand deposits 9½%.
¶ Mortgage base rate.

TAXES IN CHINA

Law clarified for foreign companies

By Stanley B. Lubman

CHINA'S LEADERSHIP is continuing its remarkably vigorous recent attempts to establish a formal legal system. A new tax law—intended to reach most foreign economic activity other than the equity joint ventures already covered by earlier legislation—was promulgated late last year. It has been quickly followed by interpretative regulations and attempts by the Ministry of Finance to clarify the new provisions.

Although many problems remain to be resolved, Chinese financial officials are trying to be helpful and seem to be moving fairly quickly to answer some of the questions that have arisen.

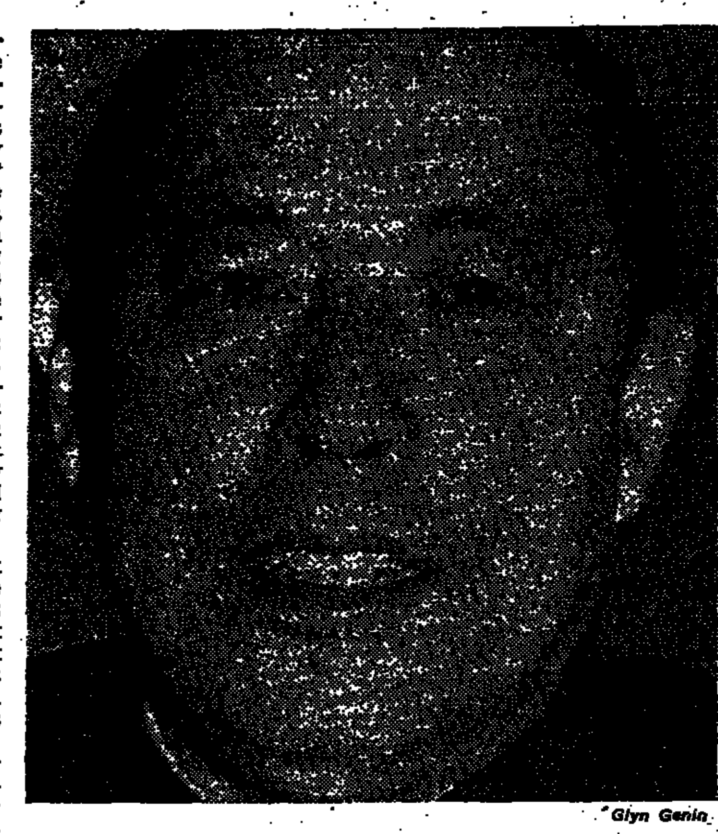
The new law, the Foreign Enterprises Tax Law, taxes the income of "establishments" set up in China by foreign companies at a progressive rate beginning at 20 per cent and rising to a maximum of 40 per cent. Other foreign activities which are not "establishments" in China are subjected to a tax of 20 per cent, to be withheld from every gross payment of "dividends, interest, rents, royalties and other sources" in China. An additional local tax of 10 per cent on assessed tax is also provided for.

Consistent with previous Chinese law-making practice, promulgation of the new law was followed by more detailed regulations, which appeared noticeably faster than regulations supplementing other new laws that have been issued recently. A Xinhua News Agency press release at the time said that new regulations reflect "the principle of generosity and simplicity," surely admirable statements for a Ministry of Finance anywhere in the world. However, problems remain to vex tax officials and taxpayers alike.

What, for example, is an "establishment," whose income would be subject to taxation at the progressive rate? The regulations state that these are "organisations, places or business agents engaging in production or business operations which are established by foreign enterprises in China." The number of representative offices of foreign companies registered in China has been growing since a law requiring registration of such offices appeared in 1980. Neither the law nor regulations give any guidance on when a company's presence in China may be deemed to be a taxable "establishment" if it sells through an office in China or through an agent, but is not engaged in manufacturing or assembly operations or in projects related to exploring for and extracting minerals.

Moreover, it may be that some sales to China will not be taxable at all. Chinese officials have indicated informally that if foreign companies do not habitually negotiate contracts through local representatives, but limit their responsibilities to "liaison" and promotion, then the proceeds of sales under contracts negotiated by non-resident representatives will not be taxed either at the progressive or the 20 per cent withholding rate. Negotiations of contracts by resident representatives, on the other hand, will lead to taxation at the progressive rate.

Another problem is presented by compensation trade transactions, under which foreign companies typically provide equipment and technology to a Chinese counterpart which makes repayment in the form of goods. These are specifically mentioned neither in the new laws nor in the new regulations. Yet they are of increasing importance in China's foreign trade: hundreds of such contracts have been signed. Officials have informally expressed the view that in principle income from such transactions should



Glyn Genin

Finance Minister Wang Bingqian: his ministry's new provisions have been quickly followed by interpretative regulations

not be taxable, although they would be examined on a case-by-case basis.

The new law completes a three-faceted approach to taxation of foreign economic activity. Equity joint ventures are already subjected to tax at a rate of 33.5 per cent under a 1979 law. In the special economic zones in Guangdong and Fujian provinces, a 15 per cent tax rate applies to foreign enterprises in these zones, which may be owned 100 per cent by foreigners, must be wholly or in great part export-orientated. With the basic tax rates in place, foreign companies are now clearly apprised of one set of considerations which will necessarily influence their choice of strategies in China.

Tax and other considerations, and their relationships, will become more apparent as more experience is gained: the low tax rate in the special economic zones, for instance, may be offset by the lack of access to the domestic market and to the high cost of land and labour that may be fixed through negotiations with local authorities. Equity joint ventures may be too time-consuming to negotiate: by comparison, joint production arrangements, under which the parties may be able to do by contract almost everything that they could in creating an equity joint venture, may be relatively more desirable. The new law, in short, helps make possible more subtle decisions than the stabs in the dark to which many western companies have had to resort.

More laws are expected soon, too: regulations implementing the skeletal law on joint ventures should appear shortly, as well as a law on foreign trade contracts. The legal vacuum in which the China trade was conducted until 1979 is disappearing. Yet China, like other developing countries, will have to work hard to make the new laws effective.

Assuring uniform interpretations of the new laws across the country by trained and competent personnel will take time. Tax offices in Beijing, Shanghai and Guangzhou give different answers to identical questions about the tax on individual income of foreigners, for instance. Similar problems arise in any country, but they may be especially severe in China, in which uniform application of law by officials has not been a noteworthy characteristic of public administration. Also, like other Chinese laws, the implementation of those affecting foreign trade and investment will remain subject to changing policies. At the moment, however, foreigners are pleased to encounter helpful and reasonable tax officials willing to try to answer their questions. Whether the foreigners' amiability will survive the first imposition of tax will remain to be seen.

Mr Lubman is an American lawyer based in San Francisco who specialises in Chinese affairs and frequently travels to China.

APPOINTMENTS

President for Wilkinson Sword

Mr John Bloxcidge has been appointed president and managing director of WILKINSON SWORD, with operating responsibility for businesses in the UK, Europe, Africa, Latin America and the Pacific. Wilkinson Sword is part of Allegheny International Inc., with headquarters in Pittsburgh, Pennsylvania.

★

Mr John B. McGrath has been appointed managing director of COMPAIR CONSTRUCTION & MINING from July 1. He will succeed Mr John F. James who is given the newly created post of chairman with special responsibilities for business development. Mr McGrath was previously chief executive of Stone Platt Electrical.

★

Mr A. R. Barnes and Mr C. A. Youngman are appointed to the board of PIONEER MUTUAL INSURANCE from July 1.

★

Mr Andrew Wood Flockhart has been appointed to the new post of managing director of LANCASHIRE ENTERPRISES. This is the key position in an industrial and training initiative launched by Lancashire County Council. He has special knowledge of the county's problems, having worked as deputy town clerk at Blackburn Borough Council.

★

Mr Paul Kohler, at present managing director of Barclays Asia in Hong Kong, and Mr Dennis Thompson, manager at BARCLAYS BANK INTERNATIONAL'S Union Court, London branch have been appointed international finance directors at Barclays International's head office in London.

★

TEXACO has elected Mr James L. Dunlap as vice-chairman from July 1. He was vice-president of Texaco Inc in New York.

★

Mr Edward Bentall has succeeded Sir James Spooner as chairman of BENTALLS.

★

Mr Nigel J. C. Turnbull has been appointed financial director of HUNTING GATE GROUP. He moves from Noble Grossart where he was an executive director.

★

Mr Simon Coningham has become deputy managing director of COMAG, and Mr Simon Woolfries, marketing director, joins the board. Mr David Orme becomes client relations director, and Mr David Garratt becomes sales director.

★

Mr Paul Preston, a member of the original group of Americans to introduce McDONALD'S to this country, has been appointed assistant managing director and chief operations officer for the

Mr John Bloxcidge

fast service hamburger restaurant group's English company. He was operations director and retains overall responsibility for running the restaurants.

★

Mr James Friel has been appointed production director of POLYWARM PRODUCTS.

★

Mr Richard Mansell-Jones has joined J. BIBBY & SONS as a non-executive director. His other directorships include merchant bankers, Brown Shipley & Co, will continue as alternative director to Mr George Antiglevich, another non-executive director of J. Bibby.

★

Mr Gerald A. Key has been appointed deputy managing director of CROWN HOUSE ENGINEERING.

★

Lord Bancroft has joined the board of BASS. He recently retired as head of the home civil service and permanent secretary to the Civil Service department.

★

Following the death of the chairman, Lord Inverforth, Mr Vincent Weir has been appointed chairman of: Andrew Weir & Co.; The Bank Line; Andrew Weir Insurance Co.; Andrew Weir Finance Co.; The Forrestdale Insurance Co.; and Bank Line Travel. All are members of the ANDREW WEIR GROUP.

★

Mr Andrew Leslie has been appointed managing director of LESLIE & GODWIN REINSURANCE.

★

On July 1 Mr Peter Bryant, an under-secretary at the Department of Industry, will become a non-executive director of THOMSON MAGAZINES. This appointment is part of a wider programme to give selected senior Civil Servants the opportunity to get a greater understanding of business.

★

Mr John M. F. Padovan has been appointed deputy chairman of COUNTY BANK from July 1. He continues as chief executive, a position he has held since 1976.

★

Mr Douglas Yates, finance director, has been appointed to the board of the RANK ORGANISATION.

★

Mr J. P. Merrill has been appointed to the board of INTERNATIONAL PAINT, parent company of the International Paint Group. He is responsible for operations in the U.S. and Mexico.

★

Mr P. J. Custis has been appointed a non-executive director of LEIGH INTERESTS.

★

SCANIA (GREAT BRITAIN) has made the following appointments. Sir Archibald Ross has retired as chairman and has been succeeded by Mr A. E. (Tim) Wernly. Mr Wernly is an adviser to the Midland Bank Group, a director of several Atlas Copco subsidiaries in the UK, as well of Saab (Great Britain) and other companies. Other newcomers to the board following the retirement of Mr Gösta Nilsson are Mr Frank Andrew, director of Mallinson Denny (U.K.), former director of Leyland Vehicles and former managing director of Leyland Australia, and Mr Carl-Axel Carlson and Mr George Karnsund from Saab-Scania Sweden.

★

Mr J. Clive Denley has been elected chairman of the council of the INSTITUTE OF THE MOTOR INDUSTRY, for the third time. Following the resignation of Mr J. E. Birch, Mr Birch remains a council member.

★

Mr Joseph Bailey, director of design, construction and engineering at Leeds City Council, is to be the GREATER LONDON COUNCIL's controller of housing and technical services. He will succeed Mr Harry Simpson, who retires on June 30.

★

Mr Christopher R. Reeves has been appointed a non-executive director of BICC from June 8. He is deputy chairman and group chief executive of Morgan Grenfell and Co. He is also a director of Bank of New South Wales, Midland and International Banks and Allianz International Insurance.

★

Mr John Cauldwell has been appointed director of marketing, building products division, of TAC CONSTRUCTION MATERIALS. He was marketing and distribution manager. TAC is a Turner & Newall company.

COMMODITIES AND AGRICULTURE

Pledge to British fishermen

By Richard Mooney

BRITISH FISHERMEN were reassured yesterday that no EEC fishing policy deal would be allowed through in Brussels without reference to them.

Following reports that Britain and France were near to agreement on the question of access for continental vessels in waters near to Britain's coastline, Mr Peter Walker, the Agriculture and Fisheries Minister, told representatives of the National Federation of Fishermen's Organisations that any proposals made in Brussels would be discussed with the UK industry before a settlement was reached.

Common Market Fisheries Ministers are to reopen talks on the common fisheries policy (CFP) next Tuesday but it seems unlikely that hard negotiations will resume on the main remaining issues of catch quotas and access, which have been stalled since last November, until a later fisheries council. Next week the Ministers are expected simply to state their initial reactions to new proposals currently being formulated by the EEC Commission.

Apart from standing firm on demands for exclusive access within 12 miles of the UK shore—subject to some exceptions based on historical fishing patterns — the fishermen are anxious that Mr Walker should resist any further reduction in Britain's cod quota share.

While successive Commission proposals have maintained Britain's overall share of main species quotas at around 35 per cent, the quota proposed for cod, the traditional mainstay of the UK fishing industry, has been progressively reduced from 49 per cent to about 41 per cent.

Mr Walker is reported to have declined at yesterday's meeting to make any promises on operating subsidies, which the industry claims are vital to halt its steady decline in catching power and therefore to maintain Britain's negotiating strength in Brussels.

Last year British fishermen received special Government operating subsidies worth £25m. It has been suggested that this year Mr Walker is keeping back the aid so that he can use it as a "sweetener" for the industry if he has to announce a disappointing CFP deal.

Delegates' last-ditch move to save tin agreement

BY BRIJ KHINDARIA IN GENEVA

TIN PRODUCING and consuming countries are moving towards agreement to implement the sixth International Tin Agreement for a limited time period without the U.S., the world's largest importer, and Bolivia, an important producer.

Although the Agreement's collapse cannot yet be ruled out, the focus of negotiations among the 19 countries which have so far ratified the pact is on finding ways of keeping it alive rather than allowing it to expire.

The main wrangle is between Malaysia, which dominates production with 35 per cent of total world output, and the European Community and Japan which together buy about 44 per cent of world imports.

Malaysia is reluctant to breathe life into the Agreement at any cost. Its chief concern is to ensure that tin prices can be maintained at sufficiently high levels to provide export earnings needed to finance some of its ambitious economic plans. The present Malaysian government is no longer convinced that co-operation through the tin agreement will serve those purposes.

But other producers, including Indonesia, Thailand and Australia are keen to protect the Agreement and implement the new pact as soon as the existing fifth accord expires on June 30.

The EEC fears that collapse of negotiations here will open the way to creation of a price-rigging cartel of tin producers. Malaysia, Indonesia and Thailand have already said they are studying plans for a tin producers association but deny that they are aiming at cartelisation.

The Community is taking a flexible approach and has suggested the agreement's provisional application for a 12-month period after which its effectiveness would be reviewed.

A suggestion going the rounds among producers is to extend the deadline for ratification of the proposed agreement for three months after which a meeting would again be called to decide on whether the pact should be operated.

The new Agreement differs significantly from the current one because the buffer stock must be paid for equally by mandatory contributions from both consumers and producers, rather than by producers alone as in the past.

The absence of the U.S. means that the smaller consumers countries would have to contribute more towards the planned buffer stock of 30,000 tonnes paid for directly and another 20,000 tonnes bought against loans if required.

Some delegates argue that the absence of both the U.S. and Bolivia will be a blessing rather than a handicap for the new Agreement because it will make decision taking by the governing council much easier.

London tin market hit

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES fell heavily again on the London Metal Exchange yesterday in the absence of any support buying from the buffer stock of the International Tin Council. Cash tin closed £230 down at £6,320 a tonne as a result of continued speculative selling.

However, the Straits in price in the Penang market overnight held steady at M$29.21 a kilo, M$6 above the Agreement's "floor" level of M$29.15.

Values on other London metal markets rallied, after opening lower, following the fall in sterling against the dollar. Three months higher-grade copper touched a 46-month low of £741 in the morning, but recovered to £756.25 a tonne at the afternoon close.

Reuter reported from Salt Lake City that Kennecott Minerals announced it was reducing its minimum price for copper cathodes by 6 cents to 70 cents a pound, effective immediately. In March Kennecott said it was changing its pricing method to sell its copper at a 5 cents premium over Comex quotations, but with a minimum of 76 cents.

Its other plan to revert to a producer price quotation from Juyl 1 remains unchanged, the company emphasised yesterday.

Stockpile purchase plan proposed

BY NANCY DUNNE IN WASHINGTON

THE Reagan Administration has devised a "secret plan" which proposes spending between $120m and $150m for each of the fiscal years from 1983 to 1987 on strategic materials required by the national defence stockpile.

The plan sent to Congress does not identify the materials to be purchased for fear that doing so would drive prices up. However, the Federal Emergency Management Agency (FEMA) has released a list of 15 top priority materials it hopes to purchase in the next few years, and a top FEMA official has said the secret plan "should contain no surprises."

FEMA has identified the following 15 materials as top priority: aluminium oxide bauxite, cobalt, columbium, fluorspar, manganese dioxide, nickel, platinum group metals, rubber, tantulum, titanium, vanadium and various medicinal raw materials.

Since the election of President Reagan, the General Services Administration (GSA) last year made its first big stockpile acquisition for more than two decades when it bought 5,2m lbs of cobalt from Zaire for $78m. It has also contracted to purchase, barter and exchange 1.6m tonnes of bauxite from Jamaica.

Its other smaller purchases include 25,000 tonnes of refractory bauxite from China for $3.8m; 2,550 troy oz of iridium from South Africa for $1m; and 30,000 lbs of tantulum for $1.1m from various sources.

Funds for the purchase of more materials required are supposed to be raised through the sale of surplus tin and a resumption of silver sales. However, the money actually available to the GSA depends on the annual appropriation made by Congress. A request for $120m for purchases in 1983 is pending before Congress.

U.S. seeks total ban on whaling

By Our Commodities Staff

THE U.S. Administration has confirmed that it will press for a total ban on commercial whaling at the annual meeting of the International Whaling Commission in Brighton next month. The U.S. and many other member countries supported a call for a ban at last year's IWC meeting but they just failed to reach the required 75 per cent vote.

The U.S. has threatened that it will exclude any nation ignoring a ban, or any other IWC-approved restriction on whaling, from its fisheries.

But U.S. government action has not gone far enough so far to satisfy anti-whaling groups. Compared with the massive and sustained pro-whaling lobbying campaign by Japan, the world's leading whaling nation, the U.S. effort has been "listless," Mr Craig Van Note, a leader of the Monitor Conservation Group told a Congressional committee this week. "The responsible officials in the Commerce and State Departments have shown little initiative," he added.

Frost damages Australian citrus crops

SYDNEY — Australia's 1982 citrus crop has been badly damaged by severe frosts and exports might be affected, the industry has warned.

Frosts have occurred on several nights this week in the main citrus regions of south Australia and Victoria, where freezing temperatures are rare.

They added it will be a week to 10 days before a definitive assessment can be given, but growers have already reported substantial damage.

The government's Bureau of Agricultural Economics is due to give its first estimates of likely citrus output and exports for the 1982-83 year ending June 30 in its trends publication next month.

In the April edition, the Bureau said Australia's 1981-82 citrus output was estimated at 450,000 tonnes against 537,000 previously, while 1981-82 exports were estimated at 32,000 tonnes compared with 34,000 previously.

Reuter

FARMER'S VIEWPOINT

Moisture: the secret of well-filled ears

THE FORECASTERS are at it again, prophesying a possible 21m tonne UK harvest this year and exports of 6m tonnes of barley and wheat to markets already overloaded with enormous stocks from the new world. This means, of course, a great increase in the amounts provided by FEOGA, the Community far fund, to lubricate these exports.

Let me say straight away that these forecasts are within the realms of possibility. They are based on average yields of grain multiplied by the acreage devoted to each crop. The term average yield is to some extent derogatory. Few farmers will admit to harvesting such a low quantity as just over 2 tonnes of wheat an acre, the present UK average. They all aim at 4 tonnes or even more. If they don't achieve this they don't mention it, even to their closest friends.

But the achievement of even average yields is at the moment far from certain. My own crops, particularly wheat, have never looked better. Standing well and of a rich bluish colour denoting maximum health and with very long ears. These have just finished flowering; the germ is set; all that remains is for the germ to become surrounded by the kernal.

Shattered hopes

Nevertheless, even with this promising show there is a doubt. I have never seen wheat ears emerge so early in the year. On my farm some wheat was in ear before the end of May—at least 10 days ahead of normal. It always used to be said that there was never a May without a wheat ear and occasionally one was to be found on a dung heap. But I never saw one in a field before.

I believe this phenomenon does give a clue to possible yields this time, and perhaps an explanation of shattered hopes of record results.

On my farm there has been no more than an inch of rain to date, since the beginning of April, and the weather has been hot and sunny for much of the time. There was moisture in the ground and it fed the crops as never before. The dry weather has prevented the spread of foliar diseases in the wheat, and the heat and humidity has been like a hot house. Why my doubts then?

If the top leaves of the wheat plant are examined they show signs of stress, twisting and pointing skyward instead of hanging limply down. This is caused by lack of moisture and could get progressively worse until relieved. The spring and early summer here have been very similar to conditions usual in the grain growing areas of France. There an increasing number of farmers find it essential to irrigate their cereals at the ear emergence stage. Even so they seldom achieve the very high yields talked about in Britain, simply because the summer heat causes much earlier ripening. The wheat harvest around Chartres for instance is usually over by July 20. My own harvest would normally be four weeks later.

During the 1976 drought much the same conditions prevailed. My own harvest was finished by July 29 and the yields were definitely down due to premature ripening. The outcome of this year's wheat yield will be decided by rainfall within the next few days. If there is a reasonable amount the plants could absorb the moisture to their profit, otherwise their maturity will be too far advanced.

Paradoxically, winter barley looks quite reasonable, and ear emergence in mid-May coincided with their still being sufficient moisture in the soil for full development. The trouble is that I ploughed up and replanted about half mine because I thought it had suffered from too much frost. All I can say is that with the benefit of hindsight I should not have done so.

It was replaced with spring barley which started very well and is already at the ear emergence stage. But it is now suffering quite badly both from lack of moisture and mildew for which the hot and humid weather of the last few days has been quite literally a forcing house.

Mildew once started will spread like wildfire. One field which was showing few signs on a Tuesday was in need of spraying with fungicide by the Friday. The effect of the mildew is that it kills off the leaves which feed the grain and, if allowed to persist, will ruin the yield. My spring barley crops are examined daily.

Lambs

The varieties I sow are supposed to be resistant to mildew, but this resistance can break down in the face of a bad attack. Or the pathogens which cause the mildew can mutate to overcome this resistance.

The main beneficiaries of the weather have been the lambs. There has been enough grass for them and an absence of parasites, so they have had little to do but lie around and grow. In fact they need marketing fairly quickly in case they grow too fat. This is particularly serious at the moment, because if they fail to get graded for being too fat, I would lose the premium on deficiency payment which at the moment amounts to over a third of the total price.

My most fervent hope is for a gentle inch of rain every weekend for the next four weeks. Why the weekend? Simple: I would be able to make hay without having to pay weekend overtime.

John Cherrington

S. African wool output up

PRETORIA — South African wool production in the 1981-82 (August to June) marketing season rose almost 4 per cent to 105.73m kilos greasy from 101.8m kilos in 1980-81, according to the wool board.

Output in 1981-82 was the highest in 10 years. The effects of a drought which has affected some wool growing areas since December 1981 will only be reflected in 1982-83.

In wool growing areas in the south west of the country farmers sheared 20 per cent more wool per sheep because of fine winter weather, he added.

Sheep numbers were slightly lower at 28.3m at the start of the season against 28.9m the previous August.

About 92m kilos of producers' wool, representing 90.5 per cent of offerings, was sold at auction during 1981-82 compared with 95.8m kilos, 96 per cent of offerings, in 1980-81.

Main importers of South African wool were the UK, West Germany, France, Italy, Japan and the U.S. in the past season.

Reuter

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	33.50-33.75	+0.05
Iranian Light	32.25-32.50	—0.25
Arab Heavy	31.00	......
North Sea (Forties)	35.00-35.10	—0.08
African (Bonny Li'ht)	35.25-35.50	......
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	375-380	+1.5
Gas oil	294-295	—1.5
Heavy fuel oil	165-170	......

GAS OIL FUTURES

Weakness in physicals and New York produced a lower opening and prices drifted further. Later, U.S. buying steadied prices, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
June	291.00	—2.25	291.00-88.50
July	292.00	—	292.25-89.80
August	293.75	—0.25	294.50-91.25
Sept.	293.25	+0.25	293.50-93.25
Oct.	295.50	—0.50	295.50-93.00
Nov.	296.00	—0.75	298.00-95.00
Dec.	299.00	+0.25	—
Jan.	301.50	+1.00	303.00-97.00
Feb.	299.00	+3.00	299.00

Turnover: 1,665 (2,476) lots of 100 tonnes.

GOLD MARKETS

Gold fell $1¼ to $326½-327¼ in the London bullion market yesterday. It opened at $328¼-329¼, the highest level of the day, and fell to a low of $324½-325. The metal was fixed at $329.00 in the morning and $326.75 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 65,900 per kilo ($325.55 per ounce) in the afternoon, compared with FFr 66,500 ($328.13) in the morning, and FFr 66,500 ($328.26) Wednesday afternoon.

In Zürich gold closed at $325-$328, compared with $326-329.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	188.60-8.80	—0.975	188.50-8.50
Sept'mb'r	190.40-0.50	+0.875	190.45
October	192.10-2.30	+0.825	192.15
November	193.90-4.00	+0.100	192.70
December	195.80-5.75	+0.100	195.95-4.20

Turnover 805 (882) lots of 100 troy ozs.

	June 10		June 9	
Gold Bullion (fine ounce)				
Close	$326½-327¼	(£185-185½)	$328-328¾	(£185-185½)
Opening	$328½-329¼	(£185-185½)	$330¼-331	(£186-186½)
Morning fixing	$329	(£185.509)	$326.75	(£183.825)
Afternoon fixing	$326.75	(£185.352)	$326	(£183.435)

Gold Coins June 10

Krugrnd	$336¾-337½	(£190¾-191¼)	King Sov	$89-90½	(£50½-51)
1/2 Krug	$173½-174½	(£98¼-98¾)	Victoria Sov	$89-90½	(£50½-51)
1/4 Krug	$88¼-89¼	(£50-50½)	French 20s	$71½-74	(£40½-42)
1/10 Krug	$36-37	(£20¼-21)	50 pesos Mex.	$401½-404	(£227½-229)
Mapleleaf	$336¾-337¾	(190¾-191¼)	100 Cor. Aust	$320-322½	(£181½-182½)
New Sov	$78¼-78¾	(£44¼-44½)	$20 Eagles	$408-413	(£231¼-234)

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. COPPER fell sharply in early trading, reflecting heavy overnight U.S. selling, and touched £741, three months, prior to rallying to close at £756, influenced by currency considerations. The latter also influenced LEAD, finally £301.5, and ZINC which closed at £286.5 having been as low as £383 in initial dealings. ALUMINIUM closed at £537.5 and NICKEL at £2937.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGrade				
Cash	722-.5	—12.7	731.5-2.5	—.5
3 mths	745.5-6	—15	756-.5	—1.5
Settlem't	722.5	—13	—	......
Cathodes				
Cash	711-3	—15	721-3	—.5
3 months	737-8	—14.5	747-9	—.25
Settlem't	713	—14.5	—	......
U.S. Prod.	—	—	*68-78	......

Amalgamated Metal Trading reported that in the morning three months Higher Grade traded at £744.00, 43.00, 44.00, 43.50, 43.00, 42.00, 41.50, 41.00, 41.50, 42.00, 43.00, 43.50, 44.00, 45.00, 46.00. Cathodes, three months £737.00. Kerb: higher grade: Three months £746.00, 45.00, 45.50, 46.00. Afternoon: higher grade, three months £750.00, 51.00, 50.00, 50.50, 51.00, 56.00, 55.00, 54.50, 55.00, 56.00, 55.50, 56.00, 55.50, 57.00, 57.50, 57.00, 56.50. Kerb: higher grade: Three months £77.00, 56.00, 55.00, 56.00, 57.00, 56.00. Turnover: 26,600 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	6445-55	—112	6310-30	—250
3 months	6505-10	—72.5	6380-90	—187.
Settlem't	6455	—110	—	......
Standard				
Cash	6445-55	—112	6310-30	—250
3 months	6505-10	—67.5	6380-90	—18.2
Settlem't	6455	—110	—	......
Straits E.	‡529.21	......	—	......
NewYork	‡329.21	......		

Tin—Morning: Standard, cash £6,465, 60, 55, 50. three months £6550, 40, 30, 6500, 10, 6500, 15, 10, 05, 10. Kerb: Standard: cash £6445, three months £6490, 80, 70. Afternoon: Standard, three months £6450, 60, 50, 40, 30, 20, 15, 6400, 6390. Kerb: Standard, three months £6370, 60, 50, 40, 50. Turnover: 3,515 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	292.5-3.5	+4.25	291.5-3	+5.75
3 months	303-.5	+4.25	302-.5	+5
Settlem't	293.5	+4.5	—	......
U.S. Spot	—	......	*25-7	......

Lead—Morning: Cash £293.00, three months £296.00, 94.50, 95.00, 95.50, 98.00, 97.50, 98.00, 99.00, 300.00, 02.00, 02.50, 03.00, 04.00. Kerb: Three months £300.00, 299.00, 99.50, 300.00. Afternoon: Three months £302.00, 03.00, 01.00, 02.00, 02.50. Kerb: Three months £302.00, 02.50, 02.00, 01.00. Turnover: 8,250 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	383-4	—14.5	388-9	+1
3 months	385.5-6	—12.5	387.5-8	+.25
S'ment	384	—14.5	—	......
Primw'ts	—	......	*32-37.75	......

Zinc—Morning: Three months £384.00, 83.00, 83.50, 84.00, 83.50, 86.00, 87.00, 86.00, 85.00, 385.50. Kerb: Three months £386.00, 85.00. Afternoon: Cash £388.00, three months £387.00, 88.00. Kerb: Three months £386.00, 87.00. Turnover: 9,725 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	510-1	—4.25	517-8	+3.25
3 months	530-1	—4.25	537-.5	+3

Aluminium—Morning: Three months £530.00, 29.00, 30.00. Kerb: Three months £530.00, 31.00, 30.00. Afternoon: Three months £534.00, 34.50, 35.00, 35.50, 36.00, 37.00, 37.50. Kerb: Three months £537.00. Turnover: 11,225 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2865-7	—61.5	2880-90	—20
3 months	2911-9	—46	2930-5	—5

Nickel—Morning: Cash £2,865, three months £2911, 11, 05, 10, 15. Kerb: Three months £2915. Afternoon: Three months £2930, 35, 45, 30. Kerb: Three months £2935, 38, 40. Turnover: 588 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 2.4p an ounce lower for spot delivery in the London bullion market yesterday at 331.4p. U.S. cent equivalents of the fixing levels were: spot 588.2c, down 3.8c; three-month 609.5c, down 4.1c; six-month 631.4c, down 4.2c; and 12-month 675.5c, down 4.3c. The metal opened at 333-336p (592-596c) and closed at 335-338p (592-596c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	331.40p	—2.40	335.50p	—1.25
3 months	341.65p	—2.45	345.75p	—1.50
6 months	351.80p	—2.40	—	......
12 months	373.40p	—2.10	—	......

LME—Turnover 58 (60) lots of 10,000 ozs. Morning: Three months 344.0, 3.5, 3.0, 2.0, 2.2, 2.1, 2.0. Kerb: Nil. Afternoon: Three months 345.0, 46.0, 45.5, 45.0, 46.0, 46.5. Kerb: Three months 347.0.

COCOA

Futures remained steady within a narrow range, while actuals business was too scarce, reported Gill and Duffus.

COCOA	Yest'day's Close	+ or —	Business Done
July	878-80	+0.5	881-78
Sept.	905-06	+4.0	907-898
Dec.	945-46	+4.0	946-39
March	983-84	+4.0	984-77
May	1004-06	+2.5	1005-03
July	1025-26	+2.0	1025-23
Sept	1045-46	+1.5	1046-42

Sales: 1,883 (2,381) lots of 10 tonnes.

ICCO—Daily price for June 10: 70.06 (70.18). Indicator price for June 11: 70.82 (71.07).

COFFEE

Reflecting an easier New York close Robustas opened slightly lower, reports Drexel Burnham Lambert. After recovering, values returned to the lows following commission house selling.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1212-14	+5.5	1220-00
Sept.	1128-30	—11.5	1142-28
Nov	1074-76	—7.0	1089-70
January	1055-59	—3.0	1069-52
March	1048-49	—2.5	1051-40
May	1035-40	—7.0	1040-35
July	1010-40	—	—

Sales: 3,561 (3,849) lots of 5 tonnes.

ICO Indicator prices for June 9 (U.S. cents per pound): Comp. daily 1979 122.35 (123.52); 15-day average 120.47 (120.20).

POTATOES

LONDON POTATO FUTURES—Heavy selling moved all positions lower, especially distant months, reports Coley and Harper. Closing prices: Nov 63.30, —0.60 (high 63.80, low 63.00); Feb 71.00, —1.10 (high 71.30, low 70.80); April 79.70, —2.10 (high 80.50, low 78.50); May 90.00, —2.00 (high 91.00, low 89.70). Turnover: 350 (467) lots of 40 tonnes.

GRAINS

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent June 111.00, July 110.50, Aug 109.75 transhipment East Coast sellers. English Feed fob Oct 114.25 East Coast, Jan/Mar 121.75 East Coast sellers. Maize: French second half June 136.75 transhipment East Coast sellers. S. African White/Yellow June/July 85.00 seller. Barley: English Feed fob Aug 106.00, Sept 108.00, Jan/Mar 117.50 East Coast sellers. Rest unquoted.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
July	119.85	—0.15	—	......
Sept	109.00	+0.15	104.80	—0.10
Nov	112.60	+0.20	108.60	+0.05
Jan	116.30	+0.15	112.35	+0.05
Mar	119.85	+0.15	115.55	—0.05
May	123.10	+0.20	118.80	+0.05

Business done—Wheat: July 119.30-118.50, Sept 109.00-108.95, Nov 112.50 only, Jan no trades, March no trades, May 123.00 only. Sales: 107 lots of 100 tonnes. Barley: Sept 104.90-104.80, Nov 108.60-108.50, Jan 112.35 only, March no trades, May 118.80-118.75. Sales: 94 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 110.90, W. Mids. 109.60, N. West 110.60. The UK Monetary Coefficient for the week beginning Monday, May 14, is expected to change to 0.919.

RUBBER

The London physical market opened slightly easier, attracted fair interest throughout the day, and closed uncertain. Lewis and Peat recorded a June fob price for No. 1 RSS in Kuala Lumpur of 206.0 (same) cents a kg and SMR 20 178.0 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
July	49.80-50.50	49.70-50.10	—
Aug	50.00-50.20	49.70-50.50	50.20
Jly-Sept	50.00-50.10	50.10-50.20	50.20-50.00
Oct-Dec	52.90-53.00	52.60-52.70	53.30-52.50
Jan-Mar	55.50-55.60	55.20-55.30	55.90-55.40
Apl-Jne	57.80-57.90	57.40-57.60	58.00-57.80
Jly-Sept	60.00-60.10	59.50-59.70	60.20-59.10
Oct-Dec	62.10-62.30	61.70-61.80	62.00
J'n-Mch	64.00-64.20	63.60-63.70	64.80-64.10

Sales: 378 (471) lots of 15 tonnes. 1 (nil) lot of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.25p (49.00p); July 51.00p (50.75p); Aug 51.75p (same).

SOYABEAN MEAL

The market opened 50p down in quiet conditions, reports T. G. Roddick. Prices firmed on weaker sterling and mixed buying.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	—	......	—
August	130.00-30.5	+0.50	130.10-29.50
October	131.80-32.2	+0.45	132.00-31.20
Dec	135.80-36.1	+0.25	135.20-35.00
Feb	139.00-39.5	+0.45	—
April	139.00-40.5	......	—

Sales: 60 (162) lots of 100 tonnes.

SOYABEAN OIL—The market opened $5.00 lower on mixed selling, reports T. G. Roddick: Prices steadied late in day on commission house buying. Closing prices and business done (U.S. $ per tonne): Aug 495.00-96.00, 495.00-93.00; Oct 496.00-97.00, 498.00-93.00; Dec 504.00-05.00, 506.00-01.00; Feb 509.50-10.00, 509.00-08.50; April 515.50-18.50, untraded; June 516.00-27.00, untraded. Turnover: 74 (201) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £96.00 (£99.00) a tonne cif June-July shipment. White sugar daily price £126.00 (£129.00).

Prices rallied about £2.00 from first traded levels following the decline of the sterling/dollar parity. When New York eased sharply most of the gains were lost, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	105.50-05.75	105.50-05.40	105.80-03.00
Oct	107.10-07.25	108.50-08.65	108.75-06.00
Jan	115.00-15.00	115.00-17.00	—
March	121.00-21.50	121.50-21.75	121.75-18.75
May	123.50-23.75	124.00-24.75	124.00-22.50
Aug	126.50-27.25	126.75-28.00	127.00
Oct	130.00-31.00	128.75-32.00	129.00

Sales: 2,649 (3,011) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £200.50 (£204.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for June 9: Daily price 6.76 (7.09); 15-day average 7.50 (7.57).

WOOL FUTURES

BRADFORD—Business is still very quiet and there are several complaints about the strength of competition from imports. Buying throughout is hand-to-mouth and the retail end, as well as those selling overseas, does not provide much hope of substantial improvement soon.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 558.0, 561.0, 562.0-559.0; Oct 528.0, 528.5, 528.5-528.0; Dec 531.5, 532.0, 532.5-531.5; March 536.5, 537.0, 536.5-536.0; May 541.5, 543.0, 541.5; July 545.5, 548.0, untraded; Oct 544.5, 546.0, untraded; Dec 549.0, 552.0, untraded. Sales: 128.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 378, 381, nil; Oct 395, 397, 400-397; Dec 401, 404, 410-405; Jan 404, 406, 411-405; March 414, 415, 418-417; May 423, 425, 430; Aug 432, 437, 440; Oct 434, 439, 444-441; Dec 436, 441, 439. Sales: 36.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 20 tonnes. Although business was not quite at a standstill, few orders were about, and operations were severely restricted. International affairs interrupted the free flow of contracts, both in the Middle East and in South American growths.

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 78.3 to 83.0; Ulster hindquarters 98.0 to 100.0, forequarters 56.0 to 57.0. Veal: Dutch hinds and ends 117.0 to 122.0. Lamb: English small 68.0 to 77.0, medium 64.0 to 68.0, heavy 60.0 to 64.0; Imported: New Zealand PL 63.0 to 63.0, PM 61.5 to 62.0, YL 60.0 to 60.0. Pork: English, under 100 lb 32.0 to 54.0, 100-120 lb 44.0 to 52.0, 120-160 lb 37.0 to 48.0.

MEAT COMMISSION—Average Fatstock prices at representative markets: GB—Cattle 97.78p per kg lw (—3.79). GB—Sheep 137.62p per kg est dcw (—34.89). GB—Pigs 65.39p per kg lw (—8.07).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £3.80-£5.00, codlings £3.50-£3.80; large haddock £4.20, medium £3.60-£4.20, small £2.40-£2.90; large plaice £4.50-£6.80, medium £2.80-£5.30, best small £3.40-£4.00; skinned dogfish (large) £5.00, (medium) £3.50; lemon soles (large) £7.80, (medium) £7.00; rockfish £2.00-£2.60; saithe £2.50-£2.60.

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: 20 kg Valencia Lates 56 6.25, 60 6.25, 75 6.25, 88 5.85, 105 5.50, 123 4.85, 144 4.50, 168 4.50; Moroccan: 16 kg Valencia Lates 48/113 3.80-6.30; Outspan: Navels 40 5.35, 48 5.40, 56 5.95, 72 5.60, 88 5.10, 112 4.50, 136 3.85, 160 3.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 10 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$905/935	......	$975/1005
Copper			
Cash h grade	£732	—0.5	£852
3 mths	£756.25	—1.5	£880.5
Cash Cathode	£722	—0.5	£844.5
3 mths	£748	—0.25	£873.25
Gold troy oz	$326.875	—1.5	$332
Lead Cash	£292.25	+5.75	£310.5
3 mths	£302.25	+5	£323.75
Nickel	£3922	......	£3974
Free mkt	255/265c	......	255/265c
Platin'mtr oz'y	£260	......	£260
Freemkt	£167.20	—0.25	£169.50
Quicksilvert	$370/380	......	$360/375
Silver troy oz	331.40p	—2.40	362.20p
3 mths	341.65p	—2.45	373.60p
Tin Cash	£6320	—230	£7085
3 mths	£6385	—192.5	£7217.5
Tungsten22.01lb	$111.68	......	$106.98
Wolfrm 22.40lbs	$119/115	......	$105/110
Zinc Cash	£388.5	+1	£408.5
3 mths	£387.75	+0.25	£414.125
Producers	$850/900	......	$850/900
Oils			
Coconut (Phil)	$505u	......	$490
Groundnut	$595w	......	$650
Linseed Crude	£380		‡
Palm Malayan	$512.5	......	$510
Seeds			
Copra Ph ilp	$540u	......	$550
Soyabean (U.S.)	$257	—3	$276
Grains			
Barley Fut. Sep	£104.80	—0.10	£104.85
Maize	£136.75		£137
Wheat Fut. Sep	£109	+0.15	£123.15
No. 2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£905	+1	£992
Future Sept	£905.5	+4	£961.5
Coffee Ft' Sept	£1129	—11.5	£1156.5
Cotton A Index	76.15c	+0.3	77.30c
Gas Oil July	$292	......	$293
Rubber (kilo)	49.25p	+0.25	53.5p
Sugar (Raw)	£96u	—3	£109
Woolt'ps 64s kl.	397p kilo	......	398p kilo

‡ Unquoted. x Aug-Sept. u June-July. w May-June. y July. † Per 76 lb flask. * Ghana coconut. n Nominal. § Seller.

INDICES

FINANCIAL TIMES

June 9	June 8	M'th ago	Y'ar ago
229.04	231.42	241.15	252.43

(Base: July 1, 1952 = 100)

REUTERS

June 10	June 9	M'th ago	Y'ar ago
1499.2	1505.8	1567.4	1756.3

(Base: September 18, 1931 = 100)

MOODY'S

June 9	June 8	M'th ago	Y'ar ago
985.4	987.6	1008.2	1083.6

(December 31, 1931 = 100)

DOW JONES

Dow Jones	June 9	June 8	Month ago	Year ago
Spot	122.97	123.09	125.60	—
Futr's	122.50	123.51	128.78	—

(Base: December 31, 1974 = 100)

AMERICAN MARKETS

NEW YORK, June 10.

Copper continued under pressure due to further technical selling and slack demand. Coffee displayed strength in the nearby positions on short-covering. Heating oil was mixed in nervous trading despite bearish supply statistics. Cotton was mostly lower on fresh speculative selling, reflecting favourable growing conditions, reported Heinold.

Copper—June 57.50 (57.90), July 57.90-58.05 (58.40), Aug 58.85, Sept 59.60-59.70, Dec 62.00-62.15, Jan 62.90, March 64.50, May 66.10, July 67.70, Sept 69.30, Dec 71.65, Jan 72.40, March 73.95

*Gold—June 326.5-327.0 (327.2), July 329.1 (329.7), Aug 332.2-332.9, Oct 339.5-340.0, Dec 347.0-347.5, Feb 355.5, April 363.4, June 371.4, Aug 379.5, Oct 387.7, Dec 396.0, Feb 404.4, April 412.9.

Potatoes (round whites)—Nov 76.0 (75.5), Feb 84.0 (83.5), March 87.0, April 97.0-97.4. Sales: 279.

¶Silver—June 601.0 (588.1), July 601.0-606.0 (592.0), Aug 612.4, Sept 616.0-618.0, Dec 640.0-643.0, Jan 650.3, March 662.0, May 680.3, July 695.3, Sept 710.3, Dec 732.8, Jan 740.3, March 755.3. Handy and Harman bullion spot: 595.50 (599.00).

Sugar—No. 11: July 6.78-6.81 (6.84), Sept 7.13 (7.16), Oct 7.20-7.23, Jan 7.70-8.00, March 8.41-8.42, May 8.65, July 8.90, Sept 9.08-9.10, Oct 9.10.

Tin—520.00-523.00 (538.00-540.00).

CHICAGO, June 10.

Lard—Chicago loose 24.50 (24.00-24.25).

Live Cattle—June 72.17-72.00 (71.47), Aug 64.20-64.30 (63.42), Oct 60.95-61.00, Dec 61.02-61.10, Feb 61.10, April 60.95-60.85, June 62.50.

Live Hogs—June 62.20-62.27 (60.95), July 59.10 (57.60), Aug 57.15, Oct 54.62-54.50, Dec 53.95-53.80, Feb 52.20-52.30, April 49.55, June 50.80, July 50.50.

‡‡Maize—July 275¾-276 (274¼), Sept 275¾-274¾ (274¾), Dec 279¾-279½, March 293¾, May 302¾, July 309¾.

Pork Bellies—July 77.80-77.70 (76.75), Aug 75.50-75.80 (74.60), Feb 73.65-73.90, March 74.15, May 74.00, July 73.80, Aug 73.30.

†Soyabeans—July 632¾-633 (630½), Aug 636¾ (635¼), Sept 639, Nov 645-646, Jan 660-660½, March 677, May 690, July 700.

‖Soyabean Meal — July 183.0-183.2 (182.4), Aug 184.0-184.1 (183.6), Sept 185.5, Oct 186.0, Dec 191.0, Jan 193.0-193.5, March 198.5-199.0, May 203.5-205.0, July 205.5-206.0.

Soyabean Oil—July 19.30 (19.18), Aug 19.59-19.60 (19.48), Sept 19.86, Oct 20.05, Dec 20.42-20.41, Jan 20.70, March 21.05, May 21.40-21.45, July 21.75-21.80.

†Wheat—July 343¼-343¾ (343½), Sept 359-359½ (358¾), Dec 382-381¾, March 397½, May 404.

WINNIPEG, June 10

§Barley — July 124.10 (124.50), Oct 124.10 (124.60), Dec 125.90, March 128.40.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, June 9

††Cocoa—July 1415 (1431), Sept 1458 (1467), Dec 1524, March 1593, May 1637, July 1680.

Coffee—"C" Contract: July 137.00-137.25 (139.35), Sept 128.74-128.99 (131.05), Dec 124.20-124.50, March 119.50-120.25, May 117.00-118.25, July 118.00. Sales: 2,220.

Orange Juice—July 115.90-116.00 (113.90), Sept 118.40-118.70 (118.50), Nov 121.20, Jan 123.00-123.30, March 124.55-124.70, May 126.10-126.25, July 127.65-127.90, Sept 129.00-130.00, Nov 130.00-131.00. Sales: 1,500.

*Platinum—July 297.5-298.0 (298.8), Oct 304.5-305.0 (305.8), Jan 312.6, April 321.1, July 330.6. Sales: 1,302.

CHICAGO, June 9

Chicago Imm Gold—June 327.3 (332.2), Sept 336.5-336.8 (341.4), Dec 348.5, March 359.5, June 371.2, Sept 383.1.

EUROPEAN MARKETS

PARIS, June 10.

Cocoa—(FFr per 100 kilos): July 971/995, Sept 1027/1040, Dec 1070/1085, Mar 1125/1135, May 1155/1160, July 1180/1190, Sept 1215/1225. Sales at call: nil.

Sugar—(FFr per tonne): July 1370/1400, Aug 1400/1402, Oct 1366/1370, Nov 1360/1370, Dec 1360/1385, Mar 1465/1465, May 1500/1510, July 1530/1535. Sales at call: 16.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports June 251.50, July 253.50, Aug 256, Sept 258, Oct 254, Nov 254, Dec 259, Jan 265, Feb 269.50, Mar 273 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 220, June 221.50, July 222, Aug 224, Sept 226.50, Oct 229, Nov/Mar 236.50 sellers. Pellets Brazil afloat 227 traded; afloat 228, June 231, June/Sept 234.50, July 232, Aug 235.50, Sept 238, Nov/Mar 252 sellers.

Maize—(U.S. $ per tonne): U.S. No Three Yellow afloat 130, June 129.50, July 129.50, Aug 129, Sept 129, Oct/Dec 128, Jan/Mar 136.50 sellers.

ROTTERDAM, June 10.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent July 177.50, Aug 176.25. U.S. No Three Amber Durum June 176, July 177.50, Aug 181, Sept 183. U.S. No Two Northern Spring 14 per cent afloat 180, June 179, July 178, Aug 176, Sept 177. Canadian Western Red Spring June/Aug 200.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Public sector land sale

THE GOVERNMENT is preparing for a major campaign to sell off thousands of acres of development land now in the hands of the public sector.

The Department of the Environment is planning what will amount to a massive land release programme and is currently identifying those sites, now owned by local authorities and the nationalised industries, which have the best chance of finding private sector purchasers.

At this stage, no agents have been appointed to help in the sales programme. It is expected that a decision on an advertising campaign, funded by the DOE, will be taken by the autumn, when the most attractive sites have been picked out. The Property Services Agency will be responsible for the sales programme.

The land in question will be earmarked following the compilation of nationwide local land registers, set up under the provisions of the Local Government, Planning and Land Act 1980.

About 87,046 acres have been placed on the registers and a copy of each is now deposited with the relevant local authority for public inspection. The DoE believes as much as half of this acreage has development potential. Potential buyers are free to make offers for the land and the owner must present a case for not permitting its release. Mr Michael Heseltine, Secretary for the Environment, has the power to direct a disposal, although this has not yet been invoked.

Only seven land registers have yet to be completed, including those for Corby, Newark and Carrick. Eight registers have just been completed, bringing the total number to 358 and involving over 9,000 sites.

About 5,000 acres included on the first batch of registers, involving 21,000 acres of potential development land, are already on the market and over 1,100 acres have already been sold.

But the new steps under consideration would represent a significant stepping up of the sales programme, in marked contrast to the actual compilation of the registers and the first phase of disposals.

The DoE believes that about 60 per cent of the land which has been thrown up by the registers is in local authority ownership, with a further 10 per cent owned by British Rail and the balance held by other nationalised operators. Much of the land is in inner city areas and the DoE believes that as much as 50 per cent of the sites have development capital.

Some of the land on the new registers is eligible for derelict land grants and could possibly be included in schemes which qualify for urban development action grants.

The reaction of the development industry to any widespread land disposal programme is uncertain. There is a widespread belief that a good proportion of the land in question will have only limited development prospects, although there will undoubtedly be exceptional packages which developers would be happy to purchase and competition in these circumstances might be intense. A great deal will also depend on the prevailing state of the development market when the land starts to become available.

LISA WOOD

Leicester Square sale

A SLICE of London's Leicester Square is up for sale. Legal and General is putting on the market a block of properties, comprising 29,000 sq ft of floorspace adjoining the Odeon Cinema on the eastern side of the Square.

Over £4.75m is being sought for the properties, which include several fast food restaurants, a public house and around 8,000 sq ft of upper-floor office space.

The block is being sold with vacant possession and Legal and General, the freeholder and Trusthouse Forte, the leaseholder, will share in the sale proceeds.

Weatherall Green and Smith and D. E. and J. Levy, joint agents, say the three interconnecting buildings at 17-21 Leicester Square and 19 Bear Street, would be ideal as an entertainment complex.

The site covering a quarter of an acre offers "considerable development potential" says D. E. and J. Levy.

UK-Dutch partners buy in Bournemouth

BOSKALIS - KEYS, the Chantry Keys-Boskalis Westminster joint venture partnership is buying the freehold of Bealesons department store in Commercial Road, Bournemouth for a sum approaching £9m. It will be redeveloping the site to provide about 12 retail units, some within a shopping mall, together with a variety market comprising up to 60 trading units. The development will provide a total investment of £14m and will be completed by the end of 1983. Herring Son and Daw and Arnold Brown represented Boskalis-Keys and are letting agents.

Boskalis-Keys is steadily building up its development portfolio in the retail field and says it is seeking further development opportunities in the commercial and retail sectors throughout the UK. Next week, the partnership is topping out its £6.5m retail scheme in Ipswich.

● Peter Taylor, the industrial agents, have just advised Fraser Wood Properties on three deals; a letting, a development and an investment.

Fraser Wood, in association with Robin Hill Investments, has bought a 3.75-acre freehold site on the Tonbridge trading estate and is developing a 72,500 sq ft building, pre-let to the Post Office at an annual rent of £227,000. Funding of the scheme, involving over £3m, has been arranged with Hambro Life Property Fund Management, advised by Strutt and Parker.

Peter Taylor has also let more space on Fraser Wood's Greenwich industrial estate at rents over £2.85 a sq ft, bringing total floorspace let to over 150,000 sq ft. The agents also advised Fraser Wood in its acquisition of Flymo - Norlett Products' 36,750 sq ft industrial building at Dormer Road, Thame. Over £500,000 was paid for the property, which has been let to Kubota Tractors UK at £70,000 a year.

● Legal and General has, following the 1981 acquisition of various tenants' interests at Bucklersbury House, City, exchanged contracts with the Bank of Montreal for lease of 79,500 sq ft of banking hall and offices at a rent in excess of £2m a year. Richard Ellis and Healey and Baker were letting agents.

● Rush and Tomkins have joined Thames Investment and Securities and Beverly Hills Savings and Loan Association in a series of property development schemes with a number of local developers in the western states of the U.S. Initially, the two British companies have taken stakes in four office, shopping and industrial developments in California and Arizona which, on completion, will have a value of over $35m. The schemes, carried out on a limited partnership basis, will be sold on completion.

Brixton gets help

"WE HAVE to accept," says Harry Axton, managing director of Brixton Estate "that the market has changed somewhat and that our original hopes have been tailored accordingly."

Mr Axton was commenting on the appointment of a second letting agent to help find tenants for 205 Holland Park Road, the 31,000 sq ft West London office block which Brixton completed last year but which still stands empty.

The air-conditioned, five-storey building, fitted out to the highest standards and occupying a prominent corner site bounded by Holland Park Avenue and Holland Road, Kensington, seems to have most things in its favour, apart from the recession.

Last autumn, Knight Frank and Rutley were appointed as letting agents (Brixton normally has two, but apparently succumbed to KFR's plea to go it alone) and after an unsuccessful search for a single tenant, Sinclair Goldsmith have been brought in to help.

The building is now available in units from 12,450 sq ft at £13.50 a sq ft, implying that Brixton is prepared to contemplate an annual rental yield of around £420,000 against the original single-tenant asking price of £470,000.

Brixton has apparently already turned away some prospective tenants because they did not fit the bill and now hopes that the availability of separate units will soon lead to some suitable tenants and some welcome rental income.

Bid implications in gains tax study

PROPERTY SHARE analysts have had a frustrating time lately, with their sector conspicuously failing to join in the spring rally in the UK equity market. Brokers W. Greenwell & Company have attacked the hiatus with a study on contingent capital gains tax liability—which, incidentally, also seems to highlight a number of potential takeover bid situations.

Contingent gains tax liability was an issue back in January, when Rosehaugh launched its unsuccessful bid for London Shop Property Trust. Investors were then prompted to ask what the "real" value of a property share was, particularly its break-up value net of CGT.

Since then, this year's budget incorporated the first really major reform in the current CGT system, which was introduced 17 years ago. The proposals there were to adjust the cost of assets in capital gains tax calculations for inflation, applying annual movements in the retail prices index.

In the past two or three years, property values have risen by less that the rate of retail price inflation. If that continued for companies with large existing property portfolios, the suggestion is that those liable to benefit most from reduced tax liabilities would be companies more consistently active in the 1970s (and thus subject to higher base levels of portfolio cost) rather than longer-standing "reversionary" buys like Land Securities.

In the former category, Greenwell picks out Brixton Estate, Haslemere Estates and Capital and Counties.

Looking ahead, CGT liability will weigh less heavily on current and future development schemes, since CGT indexation will apply to the total costs of all future developments. This factor spotlights companies with large existing developments and probably development surpluses relative to the current net asset base—Fairview Estates, Greycoat Estates and Regional.

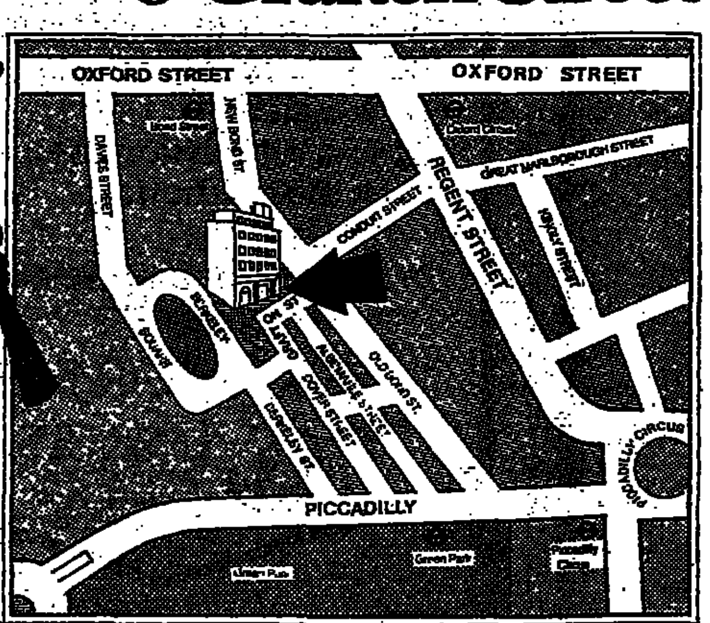
There might also be some future stock market mileage in companies standing on a high discount to stated net worth, which also have a low CGT liability—MEPC, British Land, Town and City, Fairview Estates and London Shop come into this category.

The unfortunate thing about all this is that some of the companies concerned have high discounts and low CGT liabilities because of past disasters. Regional Properties' low liability stems from a Cromwell Road property bought for £10m, and sold for £1m in 1976.

It is a fact that property shares are bought and held for the assumed quality of their management. Investors have long memories, and the coincidence of a high discount in the stock market and a low CGT liability is bound to raise questions about future management performance.

WILLIAM COCHRANE

Mayfair W1
8 Grafton Street



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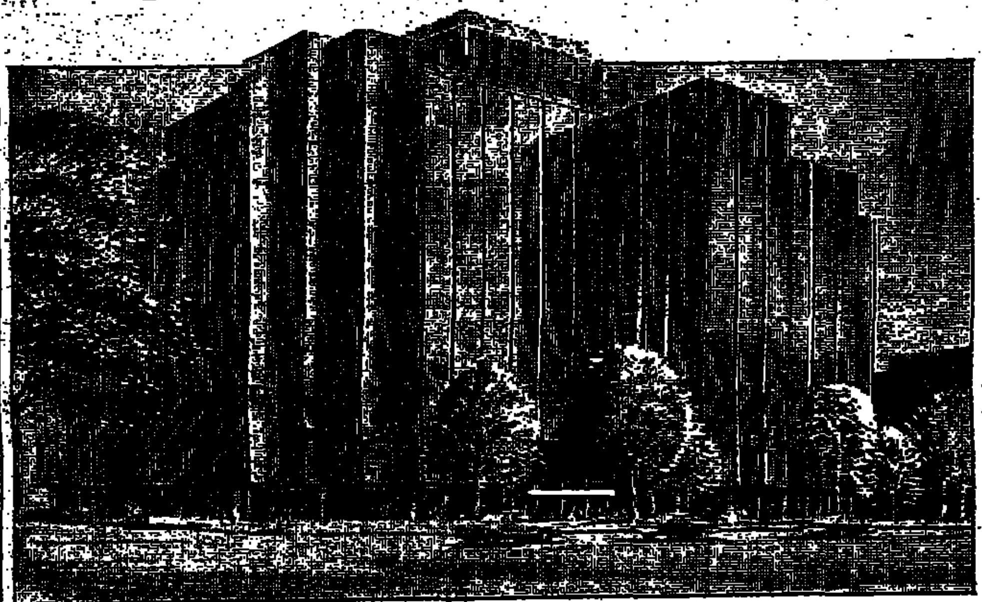

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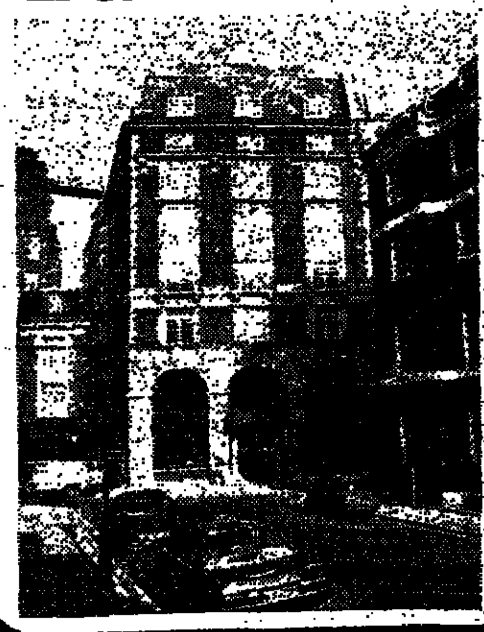

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The Trustees of the Free Grammar School of Sir Andrew Judd, Knight, Tonbridge, Kent propose to sell the above mentioned property for £550,000.

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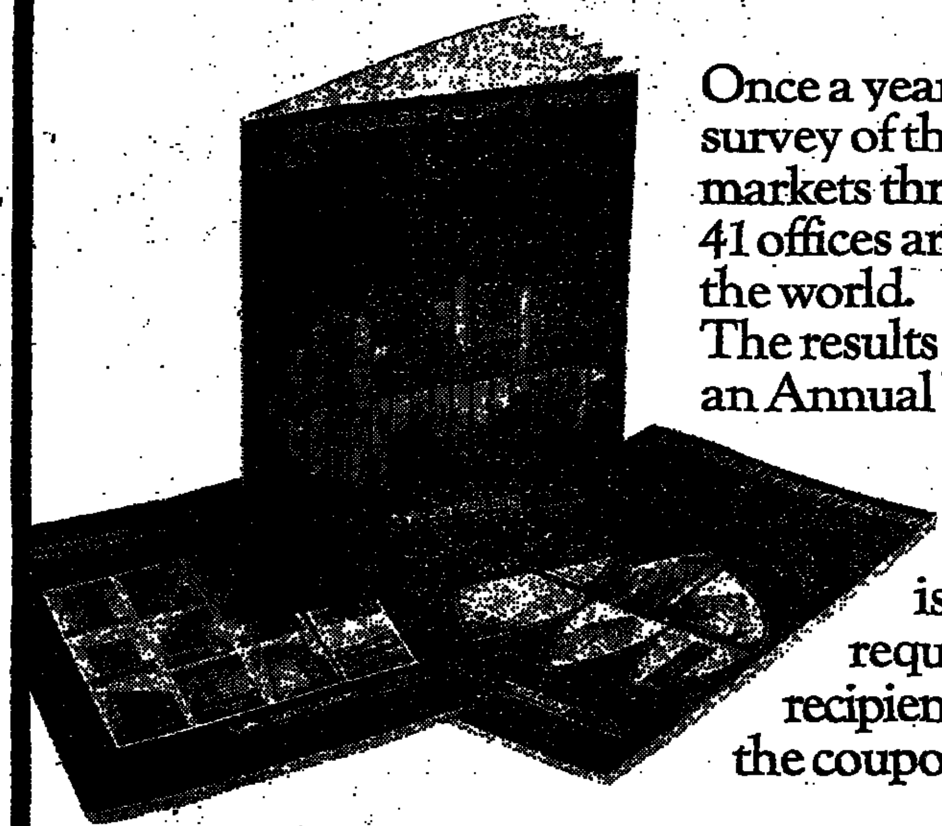

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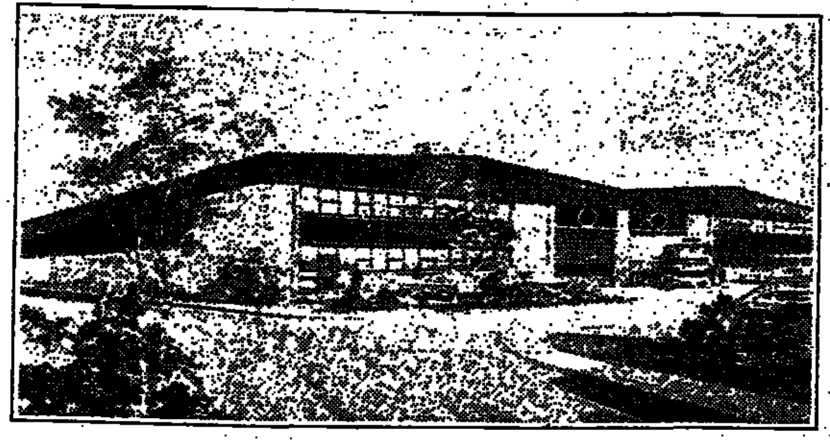

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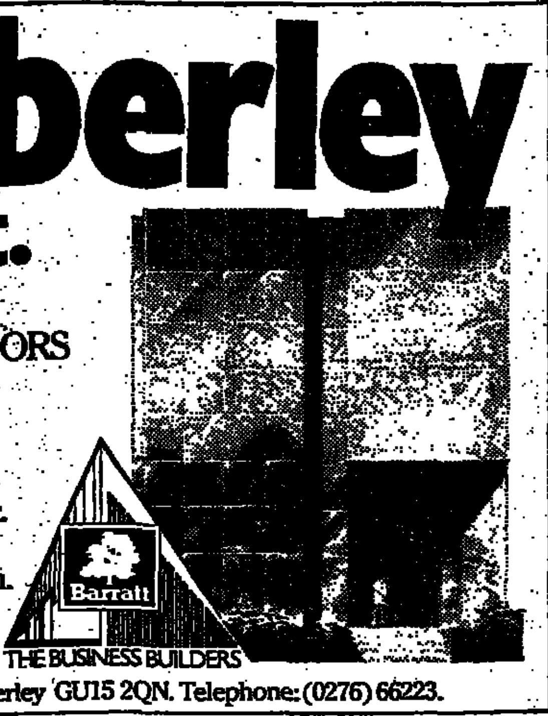

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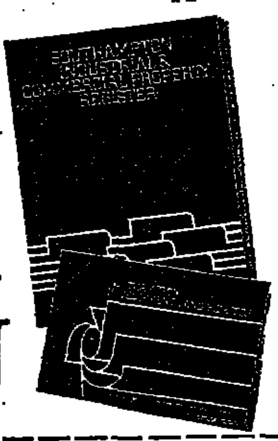

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A FINANCIAL TIMES SURVEY
UK PROPERTY
MONDAY 28th JUNE 1982

The Financial Times proposes to publish a Survey on U.K. Property. The following topics will be discussed.

1. Introduction
The commercial property market has become more dull during the past 12 months. Rental performance in many areas has been flat. Economic recession has affected tenant demand and lettings have ben harder to achieve. Nevertheless, the underlying demand from major institutions for prime property investments remains strong; institutions have become more selective however, about the schemes they are prepared to take on.

2. Investment
Prime property yields have so far shown little inclination to rise, despite the higher rates of return available on gilts and other forms of investment. Secondary property yields have been under greater pressure. Some analysts are beginning to question whether the widening of alternative investment options will reduce the relative attractiveness of commercial property.

3. Property shares
The Financial Times property share index peaked at the beginning of April 1981. Twelve months later it had fallen by 14 per cent relative to the FT all-share index. The equity market has been under greater pressure than has direct investment property. By spring this year the average discount of property shares to net asset values had risen to around 30 per cent, compared with just over 19 per cent a year earlier.

4. Offices
The overall downturn in the market has led to the widening of the gap between the demand for top quality buildings on prime sites and premises in less favourable locations. Increased automation of offices and new developments in the field of electronic communications may upset traditional supply and demand patterns. Regional articles elsewhere in the survey will look at the performance and prospects of individual office markets.

5. Retail.
Looks at:
(a) The overall performance of the market place during the past 12 months and the trend for individual retailers to capitalise on the rising value of their property assets.
(b) The special problems facing Oxford Street in London; one of Europe's premier shopping streets.
(c) Retail development. The scope for more town centre development.

6. Industrial
The industrial sector of the economy has been worst affected by the recession. In many parts of the country there are too few tenants chasing too many properties. Lettings are often difficult to achieve; landlords are offering special deals to persuade tenants to take space. The industrial section of the survey will also look at:
(a) The spread of the nursery factory units and the impact of 100 per cent building allowances on this market.
(b) The performance of enterprise zones and the effect these are having on property values.

7. Incentives
This part of the survey will look at the various grants and incentives aimed at encouraging new development. These are provided by a variety of bodies including central government, local authorities and other development agencies. Reference will be made to enterprise zones and industrial building allowances although the impact of these will be covered in more detail elsewhere in the survey. Extra articles may be provided on:
(a) Special efforts to help the inner cities.
(b) Progress made by the two new development corporations established to mastermind the regeneration of former docklands in London and on Merseyside.

8. Local authority rates
These have become an increasing burden in recent years. The impact of rates on property demand and supply.

9. The Survey will also carry a series of 10
Articles analysing the performance of different aspects of property investments and development in various regional markets.
(a) City of London office market
(b) South East property
(c) West Midlands
(d) North West
(e) North East
(f) South West
(g) Wales
(h) Scotland
(i) Northern Ireland
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Steadier early Wall St tone

A STEADIER performance was seen on Wall Street yesterday morning after Wednesday's setback, the market showing no clear trend at mid-session awaiting the House vote on Federal Budget proposals.

The Dow Jones Industrial Average, which ended 6.66 down the previous day virtually at a 1982 low, edged up 0.76 to 796.33 at 1 pm yesterday. The NYSE All Common Index retrieved 10 cents at $62.78, although declines exceeded gains by a small margin. There was another fair turnover of 34.04m shares, compared with Wednesday's 1 pm figure of 34.55m.

The House was scheduled to vote on the Democratic-backed Budget plan yesterday afternoon and a Republican proposal after that.

Domestic Oil stocks had some gains on speculation that Israel's invasion of Lebanon may lead to the disruption of Middle East oil supplies. Atlantic Richfield rose ⅜ to $42, Superior ¼ to $27⅞, Phillips ⅛ to $31⅝, Standard Indiana ⅛ to $44⅞ and Union Oil California ⅜ to $36⅛.

The Mesa Petroleum-Cities Service takeover battle again put both stocks on the actives list. Mesa was unchanged at $17⅞ while Cities Service put on ⅛ to $35. Each company is trying to acquire the other, and analysts said there is growing speculation that neither will succeed.

Control Data lost ¼ to $22⅞ in heavy trading following news that the company expects lower second-quarter earnings.

THE AMERICAN SE Market Value Index was 0.53 easier at 254.09 at 1 pm. Volume 2.94m shares (2.45m).

Canada

Shares mostly extended Wednesday's sharp retreat in light early trading. The Toronto Composite Index was 7.1 lower at 1,430.0 at noon, while Oil and Gas shed 19.7 to 2,437.1 and Golds 5.1 to 1,823.1.

Active Dome Petroleum lost ⅛ to C$5⅞, while Falconbridge eased ⅜ to C$43⅛, Dofasco "A" ⅛ to C$30 and Canadian Tire "A" ⅛ to C$35⅞.

Tokyo

Middle East tension, yen weakness against the U.S. dollar and the Wall Street decline overnight, when the Dow Jones Industrial Average fell to below 800, had a marked depressing affect on Tokyo stocks yesterday, which fell over a broad front in another moderate trade.

The Nikkei-Dow Jones Average dipped 90.75 to 7,152.28 and the Tokyo SE index 5.00 to 537.00. Volume matched Wednesday's level of 210m shares.

Gloomy prospects of recovery for many Japanese companies and the weakness of Wall Street discouraged interest in Japanese stocks because of the strong interdependence of the Japanese and U.S. economies, a Yamaichi Securities analyst said, adding that foreign selling, which set in the previous day, increased yesterday.

The intensifying conflict in Lebanon added to the depressed sentiment because of the possible implications for supplies of Middle East oil to Japan, dealers commented.

The yen's fall to its lowest level against the U.S. dollar since late April 1980 heightened worries that foreign selling may further increase.

Export-orientated issues and other market leaders figured prominently in the decline.

Sony receded 790 to Y3,270, Hitachi Y21 to Y668, Nippon Electric Y22 to Y789, Toyota Motor Y30 to Y1,020, Nippon Kokan Y8 to Y135 Victor Y70 to Y2,150, Canon Y10 to Y775 and Takeda Chemical Y15 to Y800, while Nippon Oil lost Y11 to Y899 and Teikoku Oil Y17 to Y893.

Paris

Bourse prices were inclined to gain ground in moderate trading as market participants responded favourably to remarks by President Mitterrand at his Press conference on Wednesday. The Indicateur de Tendance index put on 0.9 to 119.5.

Dealers were encouraged by M Mitterrand's statement that the Government would stick to its previous pledge to limit the Budget deficit to 3 per cent of the Gross Domestic Product. High Government spending is thought to be partly responsible for France's high inflation rate.

Traders were pleased that rumours that the French President would announce austerity measures at the conference proved unfounded. The market was also receptive to the President's interest in restructuring the French industrial sector to make it more competitive on export markets.

Michelin climbed FFr 12 to FFr 682 in spite of news that the company recorded a consolidated net loss last year of FFr 289.7m after FFr 304m profit in 1980.

Valeo rose FFr 7 to FFr 209 following news that it is likely to take a stake of around 55 per cent in Lambert Freres.

Hong Kong

The market fell afresh in moderate activity in the wake of the overnight Wall Street setback and partly on fears of the fighting in the Middle East spreading.

Brokers also noted the bearish effect of the EEC's call for a 12 per cent cut in import quotas on major Hong Kong garment categories, but there was no exceptional weakness in the Textiles sector because all listed companies have diversified investments, they noted.

The Hang Seng index followed Wednesday's decline of 18.87 with a further retreat of 21.56 to 1,306.21. Turnover on the four exchanges amounted to HK$235.73m, against the HK$155.42m recorded in the short Wednesday session.

Brokers said that the growing gloom may push the indicator as low as 1,250 in the medium-term. Analysts said that in the coming days the local Exchanges will take time to follow overseas markets.

Australia

Some Metal Mining issues led a fairly general retreat on Australian markets yesterday, reflecting continuing weak commodity prices and the overall depressing affect of the overnight Wall Street fall.

Overseas interests, who invested heavily in Australian equity markets about a month ago, are likely to join the selling ranks in the next week, brokers commented.

The Australian All Ordinaries index ended 6.0 weaker at 482.6, while the Metals and Minerals index declined 3.6 to 539.6 and Oil and Gas 6.0 to 433.6.

Among Metal Mining issues, Western Mining receded 14 cents to A$3.35, MIM 10 cents to A$2.65 and CRA 8 cents to A$2.82.

Gold shares weakened as the metal eased further in early trading in Hong Kong. Central Norseman and Poseidon lost 10 cents apiece to A$4.20 and A$1.45 respectively.

BHP was down 16 cents more at A$7.32, only around 30 cents above its lowest price for the year, while CSR fell 15 cents to A$2.65.

Santos slipped 6 cents to A$5.16, while elsewhere in the Oil and Gas group, Claremont shed 4 cents to 85 cents and Vamgas also 4 cents to A$7.30.

Johannesburg

Gold shares were mainly modestly easier in line with the Bullion price. President Brand R27, and Buffelsfontein R34, shed R1 apiece.

Frankfurt and most other markets in West Germany, and also markets in Austria, Brazil, Portugal and Spain were closed yesterday for the Corpus Christi holiday.

Closing prices for North America were not available for this edition.

NEW YORK

Stock	June 9	June 8
Cigna	33⅛	34¼
Cincinnati Mil	19¼	20¼
Citicorp	25¼	25⅛
Cities Service	34½	35¼
City Invest	21½	21⅝
Clark Equipment	19¼	19¼
Cleve Cliffs Iron	17⅝	18⅜
Clorox	13⅝	13½
Cluett Peaby	16⅝	16¾
Coca Cola	34	33¾
Colgate Palm	16⅝	16⅝
Collins Aikman	12	11½
Colt Inds	23⅝	23¼

Stock	June 9	June 8
Genuine Parts	34⅛	34⅞
Georgia Pac	13¾	13¾
Geosource	41⅛	41
Gerbes Prod	29⅝	29⅝
Getty Oil	50¼	50¼
Giddens Lewis	15¾	15⅞
Gillette	31½	31⅝
Global Marine	11¼	11⅝
Goodrich (BF)	18¾	19
Goodyear Tire	22½	22¾
Gould	23	23½
Grace	34½	34¾
Grainger (W.W)	36½	37

Stock	June 9	June 8
McDonalds	67¼	67⅝
McDonnell Doug	34⅛	34¼
McGraw Edison	26½	26¼
McGraw-Hill	49¼	50⅛
McLean Trukg	12⅛	12
Mead	16	16¼
Media Genl	34⅝	34½
Medtronic	42½	42⅛
Mellon Natl	29⅞	28⅞
Melville	46⅛	47⅛
Mercantile Sts	62⅝	62⅝
Merck	72½	73
Meredith	58⅞	59
Merrill Lynch	25½	25⅝

Stock	June 9	June 8
Ryan Homes	12½	12⅝
Ryder System	27⅞	27¾
SFN Companies	18	18
SPS Technol'gies	12⅞	12¾
Sabine Corp	32⅝	32½
Safeco	32⅞	33¾
Safeway Stores	28¾	28¾
St. Paul Cos.	39⅝	40½
St. Regis Paper	21½	21⅞
Sante Fe Inds.	14⅝	14¾
Saul Invest	7¼	7⅛
Saxon Indus	1⅝	1⅝
Schering Plough	28⅛	28½

Stock	June 9	June 8
Whirlpool	28¼	28¼
White Consoltd	25¾	25¾
Whittaker	23⅛	23½
Wickes	3	3
Williams Co	14⅜	14¾
Winn-Dixie Str	36¼	36¼
Winnebago	6	5⅞
Wisc Elec Power	31⅛	30⅞
Woolworth	17¾	18⅛
Wrigley	30⅞	31⅜
Wyly	8⅝	8¾
Xerox	30¾	30¼
Yellow Frt Sys	11	11
Zapata	16¼	16½
Zenith Radio	11⅜	11⅝

CANADA

Stock	June 9	June 8
AMCA Intl	16¼	16¼
Abitibi	15½	15½
Agnico Eagle	6⅛	6⅜
Alban Alumin	21	20⅞

BELGIUM (continued)

June 10	Price Frs.	+ or —
Petrofina	4,595	+10
Royale Belge	5,320	—70
Soc. Gen. Banq	2,250	
Soc Gen Belge	1,258	
Sofina	3,424	+24

HOLLAND

June 10	Price Fls.	+ or —
ACF Holding	76.6	—0.9
Ahold	78	—0.6
AKZO	23.3	—0.4
ABN	262	—3
AMEV	91	—0.5

AUSTRALIA

June 10	Price Aust. $	+ or —
ANZ Group	3.75	—0.05
Acrow Aust	1.30	
Ampol Pet	1.35	+0.05
Assoc. Pulp Pap	1.53	
Audimco	0.10	

Indices

NEW YORK —DOW JONES

	June 9	June 8	June 7	June 4	June 3	June 2	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆Industr'ls	795.57	802.23	804.03	804.88	816.50	818.86	882.52 (4/1)	785.47 (8/6)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	59.56	59.46	59.54	59.82	59.81	59.88	60.27 (27/5)	55.57 (12/2)	—	—
Transport.	310.93	313.66	316.55	317.07	325.07	329.74	358.46 (7/1)	310.93 (8/6)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities	109.35	110.12	110.48	110.82	111.66	110.61	118.65 (7/5)	103.61 (13/1)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-†	55,770	46,820	44,630	44,110	48,450	49,220	—	—	—	—

◆ Day's high 804.03 low 789.76

Indust'l div. yield %	June 4	May 28	May 21	Year ago (Approx
	6.93	6.80	6.70	5.62

STANDARD AND POORS

	June 9	June 8	June 7	June 4	June 3	June 2	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	121.76	122.46	123.08	122.88	124.80	125.16	137.28 (4/1)	118.41 (8/3)	160.98 (28/11/80)	3.52 (30/6/32)
Composite	108.99	109.63	110.12	110.08	111.86	112.04	122.74 (4/1)	107.34 (8/3)	140.52 (28/11/80)	4.407 (1/6/32)

	June 2	May 26	May 19	Year ago (approx
Indust'l div. yield %	5.79	5.74	5.72	4.79
Indust'l P/E ratio	7.56	7.41	7.74	9.14
Long Gov. Bond yield	13.24	12.95	12.87	12.86

NY. S.E. ALL COMMON

June 9	June 8	June 7	June 4	1982 High	1982 Low
62.68	63.08	63.36	63.42	71.20 (4/1)	62.52 (12/3)

Rises and Falls

	June 9	June 8	June 7
Issues Traded	1,839	1,859	1,876
Rises	394	508	539
Falls	1,002	868	905
Unchanged	443	483	432
New Highs	5	5	6
New Lows	165	121	175

MONTREAL

	June 9	June 8	June 7	June 4	1982 High	1982 Low
Industrials	258.39	261.58	262.88	263.98	332.79 (4.1)	258.39 (9/6)
Combined	247.56	249.98	250.55	250.95	316.08 (4.1)	247.56 (9/6)
TORONTO Composite	1457.1	1465.1	1469.9	1460.6	1966.3 (4.1)	1457.1 (9/6)

	June 10	June 9	June 8	June 7	1982 High	1982 Low
AUSTRALIA						
All Ord. (1/1/80)	482.6	488.6	491.1	492.8	595.5 (4/1)	455.6 (10/3)
Metal & Minls. (1/1/80)	539.9	548.5	548.7	551.5	425.1 (5/1)	322.2 (2/4)
AUSTRIA						
Credit Aktien (2/1/62)	(c)	51.39	51.40	51.61	56.96 (4/1)	51.30 (9/6)
BELGIUM						
Belgian SE (31/12/63)	94.35	94.76	94.90	94.46	102.45 (6/4)	86.42 (20/1)
DENMARK						
Copenhagen SE (1/1/73)	112.79	113.16	111.94	112.42	128.22 (25/2)	111.94 (8/6)
FRANCE						
CAC General (31/12/81)	107.1	106.8	106.3	106.4	111.6 (12/5)	95.6 (4/1)
Ind Tendance (31/12/81)	119.5	118.6	118.5	117.8	124.8 (12/5)	97.7 (4/1)
GERMANY						
FAZ-Aktien (31/12/58)	(c)	225.68	227.28	226.81	239.45 (6/4)	218.55 (18/1)
Commerzbank (Dec 1953)	(c)	688.0	695.6	692.0	729.8 (6/4)	666.7 (18/1)
HOLLAND						
ANP-CBS General (1970)	88.9	90.1	90.5	90.5	95.0 (10/5)	84.6 (6/1)
ANP-CBS Indust (1970)	68.6	69.3	69.5	68.8	74.8 (10/5)	65.2 (4/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1306.21	1327.77	1346.64	1357.49	1445.32 (12/1)	1129.85 (9/3)
ITALY						
Banca Comm Ital. (1972)	170.19	173.65	175.30	174.99	212.86 (19/3)	170.19 (10/6)
JAPAN(**)						
Dow Average (16/5/49)	7152.28	7253.05	7240.05	7242.59	7928.55 (27/1)	6888.53 (17/6)
Tokyo New SE (4/1/68)	537.9	542.08	542.48	542.24	585.29 (27/1)	520.78 (17/3)
NORWAY						
Oslo SE (1/1/72)	117.56	117.54	118.12	119.16	150.59 (28/1)	109.12 (1/4)
SINGAPORE						
Straits Times (1966)	713.15	716.29	731.10	727.81	810.79 (6/1)	687.49 (9/3)
SOUTH AFRICA						
Gold (1958)	(u)	398.3	398.8	394.2	569.5 (6/1)	380.9 (4/6)
Industrial (1958)	(u)	557.9	554.8	530.5	711.7 (8/1)	526.6 (3/6)
SPAIN						
Madrid SE (30/12/81)	(c)	100.06	100.64	(c)	107.46 (9/2)	99.21 (25/6)
SWEDEN						
Jacobson & P. (1/1/58)	581.74	587.16	586.11	585.98	658.52 (22/1)	565.32 (29/4)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	249.6	250.1	251.9	252.4	285.1 (11/1)	242.3 (11/5)
WORLD						
Capital Intl. (1/1/70)	—	128.0	130.0	130.3	147.2 (4/1)	129.0 (9/6)

(**) Saturday, June 5: Japan Dow 7,287.47, TSE 544.91.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Mesa Petrlm	1,465,400	17¾	−1⅛
Carolina Power	1,187,400	21½	− ⅛
IBM	1,072,800	58⅞	− ⅛
Sony	978,200	13	− ⅛
Rlstn. Purina	853,300	13½	—
Cities Service	752,100	34½	− ⅛
Schlumberger	743,400	38⅞	−1½
United Technol	590,600	21⅝	—
General Motors	576,200	43¾	− ⅛
Tandy	573,700	27⅛	+ ½

LONDON STOCK EXCHANGE

Uneasy atmosphere develops as domestic problems add to market concern over international situation

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 7	June 17	June 18	June 28
June 21	July 1	July 2	July 12
July 5	July 15	July 16	July 26

* "New time" dealings may take place from 9 am two business days earlier.

International and domestic troubles cast deeper gloom over London stock markets yesterday. The worsening Middle East situation and fears about the extent of British casualties in the Falklands were major influences. Sentiment was also adversely affected by the NUR threat of strike action later this month, arousing concern about the mounting upward pressures on the pay front. Wall Street's decline to lows for the year was another unsettling factor.

Equity dealers again defensively lowered leading shares at the outset and the manoeuvre was successful in that it discouraged selling of any size. Values held at the lower levels for most of the morning session in subdued trading, but took a further turn for the worse just before noon on growing rumours that another broking house would soon cease to trade; problems stemming from arbitrage operations were also said to be causing financial difficulties for another firm of brokers.

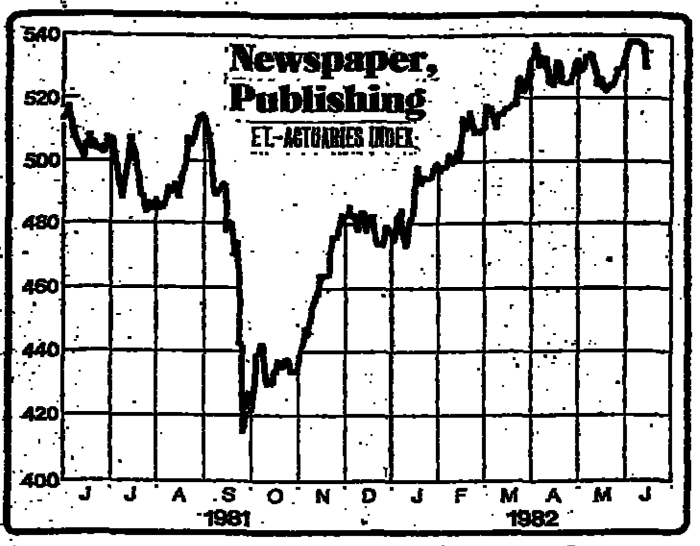
Equity markets retreated throughout the afternoon in an uneasy atmosphere until the official 3.30 pm close. Losses approached double-figures in top stocks, such as GEC, while the UK clearing banks also had a bad day with falls ranging to 15 pence. Reflecting the trend, the FT Industrial Ordinary share index, which on Tuesday appeared set to achieve an all-time record, was showing a drop of 9.8 at 3 pm before rallying slightly in the after-hours' business to close a net 8.8 down for a two-day fall of 15.5 at 578.5.

Government securities were not immune from the general malaise but, in first-time dealings, the new short tap stock, Treasury 12½ per cent Convertible 1986 managed to hold par in £30-paid form. One or two lower-coupon issues also resisted, but remaining stocks showed falls ranging to ⅜. Exchequer 13½ per cent 1996 came back that much to 97⅞, and other longs sustained losses to ⅜. The shorts were rarely more than ⅛ down on balance, steadying later with sterling as the latter recovered from the day's lowest.

Banks fall

The major clearing banks turned distinctly dull. Midland, a firm market of late on the £100m Loan stock placing, retreated 15 to 340p, while dealings in the new £25-paid 14 per cent Unsecured Loan stock 2002/07 got off to a disappointing start, opening and closing at ¾ discount. Lloyds lost 12 to 390p, as did NatWest, 440p, while Barclays gave up 11 at 465p. Hill Samuel's good figures had already been well discounted, the shares succumbing to the general dull trend and closing 7 down at 160p.

Sold down to 203p initially in the absence of the much-rumoured dawn raid, Minet had recovered to 209p by the "House" close and then eased away later to end 10 up on balance at a 1982 peak of 221p on further strong speculation of an early bid development. Elsewhere in Insurances, General Accident put on 6 to 312p, as did GRE, 282p. Sun Life improved 5 to 340p in belated response to Liberty Life Association of Africa increasing its stake in the company to nearly 24 per cent.



Estate agent Bairstow Eves staged a successful and active market debut given the prevailing dull conditions; the shares opened and closed at 51p after touching 52p compared with the offer price of 46p.

Breweries trended easier, with Bass reacting 3 for a fall of 12 to 235p since the interim figures. Elsewhere, Distillers came on offer and fell 7 to 178p.

Particularly firm of late on recovery hopes and interest rate optimism, Building issues turned back on scattered selling and the absence of further support. Blue Circle closed 8 down at 466p and Tarmac the same amount off at 590p. Elsewhere, Tilbury Group moved against the trend with a rise of 10 to a peak of 535p following the announcement that BRP Securities, a subsidiary of private investment company Bajau, had increased its stake in the company to 9.6 per cent.

Sonic Sound flat

ICI met sporadic selling and declined 8 to 324, while Fisons shed a similar amount to 353p. Amersham lost 7 to 216p and recently firm Hickson and Welch 10 to 282p. Leigh Interests dipped to 92p on disappointment with the preliminary results before picking up to close just 2 cheaper on balance at 94p. Plysu hardened a penny to 118p in response to the good annual results and proposed one-for-ten scrip issue, while revived demand in a thin market lifted Wolstenholme Rink 5 to 125p.

Although poor figures had been expected, the £0.57m first-half deficit and slashed interim dividend depressed Sonic Sound even further and the close was 9 down at 48p, which compares with the 1982 high of 129p. Heelamat cheapened 4 to 68p. Of the leaders, Marks and Spencer gave up 3 to 165p.

The two major defence stocks GEC and Plessey led the retreat in Electricals, the former losing 14 more to 934p and the latter 5 to 450p. Elsewhere, Ferranti dipped 20 to 770p after recent strength on hopes of a bid from Plessey, and recently buoyant United Scientific relinquished 12 to 385. Comment on the results left United Electronic a couple of pence lower at 25p.

Vickers encountered fresh selling and touched 148p before settling at 149p for a fall of 5 on balance. Other losses in the Engineering leaders were usually limited to a few pence. TI, recently unsettled by a broker's downward revision of profit estimates, became a steadier market and closed without alteration at 123p, after 126p. Secondary issues were featured by a fall of 13 to 53p in B. Elliott on the annual loss and passing of the final dividend.

Sugar issues were not helped by the fall in the commodity price to below £100 per tonne; Tate and Lyle lost 2 to a 1982 low of 174p, while British Sugar reacted to 450p before closing a net 15 down at 455p. Elsewhere in Foods, Northern shed 6 to 150p despite the satisfactory interim figures. Against the trend, soft drink concern J. N. Nichols (Vimto), a thin market, gained 10 to 260p on seasonal influences.

Stakis gained 5 to 70p, after 71p, on the announcement that the company had been granted a casino licence for the Imperial Hotel, Russell Square.

Sothebys react

Falls among the miscellaneous industrial leaders ranged to 8. Reed International, which reported disappointing preliminary figures on Monday, declined that much to 316p. Nervous offerings in front of today's annual results clipped 5 more from Pilkington at 228p. Secondary issues were featured by a loss of 12 to 275p, after 267p, in Sothebys following reports of the company's rationalisation moves in the U.S.; Christies International cheapened 6 to 126p in sympathy. Disappointing results prompted a fall of 5 to 54p in LCP and Applied Computers dipped 7 to 191p, after 190p, on the proposed rights-issue which accompanied the annual figures. Still concerned about the company's U.S. property interests, European Ferries cheapened 2½ afresh to 67p.

Defence stocks came on offer with British Aerospace closing 8 down at 216p, Vinten a similar amount lower at 300p and Smiths Industries 9 off at 348p. Extel encountered profit-taking and lost 10 at 350p but Rolfe and Nolan contrasted with a jump of 14 to a 1982 peak of 72p in response to the better-than-expected results.

Nimslo again lacked support and lost 25 for a two-day drop of 47 to 160p. Travel issues remained under pressure on worries about falling bookings, Horizon losing 10 more to 198p, Intasun 8 to 127p and Saga 5 to 140p.

Properties displayed a dull feature in Great Portland Estates which shed 10 to 152p, the lower-than-expected asset value outweighing the 31 per cent revenue increase and one-for-six scrip issue. Elsewhere, Trust Securities reacted to a 1982 low of 64p before picking up on the company's reassuring statement about the proposed Stockley Park project in Hillingdon to close 4 cheaper on balance at 68p; the Deferred shed 3 to a 1982 low of 61p. Fairview Estates, a rising market recently in the wake of favourable Press comment, lost 4 to 108p.

Oils subdued

Partly reflecting disappointment with the new tax concessions for the offshore oil industry, Oil shares passed a rather subdued trading session. Leading issues opened lower and tended to drift off further. British Petroleum ending 6 cheaper 312p. Shell displayed a little more resistence, ending a couple of pence down at 420p, after 418p. Ultramar fell 10 to 390p and Lasmo 5 to 320p. Among the more speculative issues, Sun (UK) Royalty advanced 30 to 190p in a restricted market.

Against the dull trend in Overseas Traders, James Finlay hardened the turn to 93p following the interim statement. Crosby House cheapened 6 to 120p and Sime Darby lost 4 to 51p.

Reflecting overall dullness in equities, Trusts generally eased. Among Financials, Security Pacific's plan to acquire a 29.9 per cent stake in Hoare Govett stimulated interest in Akroyd and Smithers which improved 8 to 226p. Money brokers gave ground, Exco International easing 7 to 203p and Mills and Allen 10 to 460p.

Against the occasionally easier trend in Textiles, Bulmer and Lumb responded to favourable Press mention with a rise of 4 to 44p. Nottingham Manufacturing, in contrast, met fresh profit-taking and gave up 8 to 175p. In line with the other leaders, Courtaulds were dull at 81p, down 3.

Tobaccos drifted lower, Bats reacting 5 to 450p and Imps 2 to 98p.

RTZ down again

The welter of selling that prompted the sharp decline in RTZ in inter-office trading on Wednesday gathered pace yesterday as the shares retreated 20 more for a two-day drop of 43 to 377p, after a year's low of 375p; the selling was again prompted by the weakness of London Metal Exchange copper prices which at one point yesterday fell to their lowest since August 1978.

Among the RTZ group's copper producers, South Africa's Palabora gave up 25 to 450p while Papua New Guinea's Bougainville fell 4 to 83p. RTZ's Australian associate CRA lost 5 to 162p.

Other mining issues were similarly depressed. Golds fell on profit-taking and the lack of progress by the bullion price—finally $1.5 easier at $326.875 an ounce.

Share prices were firmer at the outset, sustained by light buying interest from Johannesburg, but subsequently drifted lower on lack of interest and the downturn in gold to close showing widespread, although generally minor, losses. The Gold Mines index fell 3.1 further to 228.2.

South African Financials gave ground in sympathy with Golds. Gencor closed 20 cheaper at 700p, De Beers eased 3 to a 1982 low of 203p, UC Investments gave up 10 more to 410p and "Amgold" ½ to £30⅛.

London's Charter Consolidated dropped 7 to a year's low of 188p and Gold Fields 12 to a low of 333p.

Australians registered a broad decline, upset by weak precious and base-metal prices which encouraged sustained selling in overnight domestic markets.

Only 1,095 traded options contracts were completed yesterday, comprising 570 calls and 525 puts. RTZ were the busiest counter, recording 220 deals, 127 puts and 93 calls.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 24	June 11	Sept 2	Sept 13
June 14	June 25	Sept 16	Sept 27
June 28	July 9	Sept 30	Oct 11

For rate indications see end of Share Information Service

Money was given for the call of ICI, TI, Lofs, Black and Edgington, J. Hepworth, Sovereign Oil, Huntley and Palmer, Eagle Star, Premier Consolidated, Consolidated Gold Fields, Woodside, Bellhaven Brewery, Barker and Dobson, Ultramar, Minet Holdings and Empire Stores. Davy Corporation were dealt in for the put, while double options were arranged in Lofs and UDS.

FINANCIAL TIMES STOCK INDICES

	June 10	June 9	June 8	June 7	June 4	June 3	A year ago
Government Secs	69.76	70.15	70.39	70.40	70.15	70.06	65.63
Fixed Interest	69.97	70.10	70.32	70.52	70.32	70.26	67.24
Industrial Ord.	578.5	587.3	594.0	592.6	587.8	586.8	536.2
Gold Mines	228.2	231.3	235.7	238.0	232.0	224.0	341.0
Ord. Div. Yield	5.42	5.35	5.31	5.33	5.37	5.38	6.01
Earnings, Yld.% (full)	11.30	11.16	11.06	11.11	11.19	11.23	11.96
P/E Ratio (net) (*)	10.75	10.91	10.99	10.94	10.86	10.82	10.44
Total bargains	16,757	16,574	17,226	16,938	17,032	15,599	19,062
Equity turnover £m.	—	123.46	155.23	128.40	136.50	123.29	147.25
Equity bargains	—	12,950	15,352	12,498	14,850	13,250	14,947

10 am 580.5. 11 am 580.9. Noon 580.2. 1 pm 579.3. 2 pm 577.7. 3 pm 577.7.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974. *Corrected.

Latest Index 01-246 8026.

*Nil=5.95.

HIGHS AND LOWS | S.E. ACTIVITY

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low		June 10	June 9
Govt. Secs.	70.40 (7/6)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)	—Daily Gilt Edged Bargains	190.5	200.1
Fixed Int.	70.52 (7/6)	62.79 (7/1)	150.4 (28/11/47)	50.55 (3/1/75)	Equities Bargains	83.9	98.8
					Value	249.6	313.8
Ind. Ord.	594.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)	5-day Avrge. Gilt-Edged Bargains	187.0	181.2
Gold Mines	302.0 (6/1)	209.2 (9/3)	558.9 (22/9/80)	43.5 (26/10/71)	Equities Bargains	89.1	88.3
					Value	259.6	271.9

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or —	Div. p. or amount	Times Covered	Gross Yield	P.E. Ratio
¶250	F.P.	23/6	280	265	Assoc. Heat Services	278	—2	b9.0	2.1	4.6	14.1
46	—	—	52	50	Bairstow Eves 5p	51p	—	b1.61	2.8	4.5	12.5
§90	F.P.	—	101	92	✻Black (Michael) 20p	97	—2	u3.0	2.4	4.4	13.4
15	F.P.	18/4	32	19	Cambrian & Gen. 7½p	30	—	—	—	—	—
§260	F.P.	4/6	420	293	✻Cont. Microwave	420	—	b5.25	3.9	1.8	15.6
§130	F.P.	28/5	162	140	✻Druck Hldgs.	162	—	b2.3	2.5	2.0	28.1
§87½p	F.P.	25/6	98	84	Electro-Prot. US$0.50	84	—2	uQ1.5c	8.9	1.0	11.3
—	—	—	17	10	ΔGroup Inv Option	14	—	—	—	—	—
§250	F.P.	14/5	250	245	✻Io Technology	247	—	—	—	—	—
§105	F.P.	—	121	110	✻Miles 33 10p	115	—2	ud2.9	4.3	2.5	10.0
600	F.P.	—	630	627	Oriflame SA (US$1.50)	627	—8	bQ50c	2.2	4.4	10.1
77	F.P.	—	97	88	✻Radio City 'A' NV	92	—	b5.6	1.5	8.7	10.8
140	F.P.	—	176	160	✻Ruddle (G.) 10p	176	+2	b3.3	2.6	2.7	20.8
¶¶	F.P.	—	29	19	Stewart Nairn	25	—	—	—	—	—
¶¶	F.P.	—	90	50	Zambia Cons.Cpr 10K	50	—	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price	+ or —
¶100	£10	—	11	10½	Bournemouth Water 9% Red. Prf. '87-89	11	—
§99.395	£25	14/7	25½	21½	Cred. Foncier de France 14¾% Ln. 2007	24¼	—¼
¶100	F.P.	1/7	102¼	101¼	East Anglia Water 9% Red. Prf. 1987	101¼	—
¶¶	F.P.	—	146½	136	First Nat. 12½pc Conv. Uns. Ln. 1987	142	—
¶100	F.P.	—	47	38	Grt. N'rth'n Inv. 4pc Net Cum. Prf. £1	39	—
¶100	F.P.	—	46	45	Do. 4.7pc Net Cum. Prf. £1	46	—
‡100	F.P.	—	101	98¾	Marlborough Props. 10% Cnv. Ln. '98-2002	98¾	—
98.55	£25	—	25	24½	Midland Bk. 14% Sub. Uns. Ln. 2002-07	24¾	—
¶100	£10	—	11	11	Mid-Southern Wtr. 9% Pref. 1987	11	—
§100	F.P.	—	100⅞	100⅛	Nationwide Bdg. Soc. 14¼% (25/4/83)	100¾	+⅛
§100	F.P.	—	100	99⅞	Do. 13⅞% (23/5/83)	100	—
§100	F.P.	—	100⅛	100⅛	Do. 13⅞% (3/6/83)	100⅛	—
¶107	F.P.	29/4	113½	109½	Queens Moat 10½% Cnv. '89-91	112½xd	—
¶100	£10	—	11	10½	Wrexham Water 9% Red. Prf. '87-89	11	—

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or —
10	F.P.	27/4	28/5	13¾	10	Ansbacher (H.) 5p	10½	—¼
170	F.P.	13/5	24/6	190	180	Bank Leumi (UK) £1	185	—
135	F.P.	28/5	9/7	179	158	Carless Capel 10p	174	—1
174	Nil	—	—	59pm	44pm	Grand Met 50p	53pm	—2
Dkr169	Nil	—	—	5½pm	3pm	Great Northern Tel (£10)	3pm	—½
5	F.P.	10/5	21/6	6	5	Grovebell (5p)	5	—
500	F.P.	20/5	18/6	615	575	Hammerson Prop.	600	—5
500	F.P.	29/5	18/6	590	530	Do. A	580	—5
Dr. 158	Nil	—	—	2½pm	2¼pm	Norsk Hydro (Kr. 100)	2¼pm	—⅛
50	Nil	—	—	8pm	6pm	Press (Wm.) 10p	6pm	—
325	Nil	—	—	120pm	80pm	Saatchi & Saatchi 10p	85pm	—5
170	F.P.	14/5	11/6	284	272	Steel Bros.	242	—
10	F.P.	24/3	23/4	12½	10½	Sturla 10p	11½	—
133	F.P.	10/5	10/6	½pm	½pm	Young (H.)	½pm	—

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bairstow Eves	51	—	Plessey	450	— 5
British Sugar	455	—15	RTZ	377	—20
Great Portland Estates	152	—10	Rolfe and Nolan	72	+14
ICI	324	— 8	Sonic Sound	48	— 9
Midland 14pc Uns Ln 2002-07	£23¾	—	Sothebys	275	—12
Minet	221	+10	Western Mining	188	— 9

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
GEC	14	948	— 7	Minet	10	211	+ 7
LASMO	13	325	— 5	Pilkington	10	233	—15
RTZ	12	397	—23	Racal Elec	10	425	— 5
BICC	11	350	— 8	Tilling (T.)	10	133	— 5
Euro Ferries	11	70	— 5½	Allied-Lyons	9	99	—
BAT Inds	10	455	—	Barclays Bank	9	476	+ 4
Cable & Wire	10	280	— 8	Plessey	9	465	—

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur June 10 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed June 9 Index No.	Tue June 8 Index No.	Mon June 7 Index No.	Fri June 4 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (209)	394.61	−1.4	9.34	4.16	13.17	400.22	403.71	400.94	398.06	337.41
2 Building Materials (23)	340.16	−1.7	12.90	5.33	9.15	346.15	349.07	342.82	344.15	292.17
3 Contracting, Construction (28)	619.07	−1.6	14.18	4.95	8.34	629.01	630.35	622.54	624.87	546.18
4 Electricals (31)	1464.17	−1.2	6.61	2.04	19.22	1482.37	1492.25	1485.00	1469.23	1056.29
5 Engineering Contractors (11)	490.07	−1.6	13.52	6.18	8.89	498.18	503.38	502.50	501.24	481.78
6 Mechanical Engineering (67)	282.99	−1.7	11.31	5.77	10.67	286.43	288.93	288.39	286.40	289.56
8 Metals and Metal Forming (11)	163.12	−1.8	18.46	7.28	12.02	166.12	169.97	170.05	169.03	159.11
9 Motors (20)	92.70	−1.8	1.85	7.61	—	94.40	95.04	94.66	93.58	99.88
10 Other Industrial Materials (18)	366.75	−0.8	9.99	5.78	12.25	369.72	374.00	371.36	366.21	366.39
21 CONSUMER GROUP (201)	311.64	−1.5	12.78	5.59	9.54	316.27	317.49	316.00	315.07	278.94
22 Brewers and Distillers (22)	327.27	−1.7	14.21	6.24	8.57	332.94	333.83	334.50	333.01	317.13
25 Food Manufacturing (22)	264.25	−2.0	17.57	7.89	6.64	269.56	270.41	268.87	268.40	253.86
26 Food Retailing (14)	615.12	−1.6	9.23	3.46	13.15	624.95	624.65	618.39	618.22	513.88
27 Health and Household Products (8)	472.71	−1.1	7.34	3.60	16.07	477.89	478.83	475.57	475.94	326.14
29 Leisure (23)	438.37	−0.5	10.13	5.38	12.35	440.61	443.06	439.55	439.42	418.55
32 Newspapers, Publishing (12)	534.54	−0.6	12.82	5.89	9.93	537.53	538.76	538.76	538.78	582.61
33 Packaging and Paper (14)	150.48	−1.3	15.50	7.22	7.49	152.54	153.22	151.36	150.28	148.01
34 Stores (45)	283.42	−1.6	10.40	4.91	12.68	287.96	289.81	288.42	286.91	264.20
35 Textiles (23)	169.63	−2.1	13.22	6.26	9.38	173.35	174.95	173.96	175.43	158.01
36 Tobaccos (3)	334.95	−1.2	21.89	8.21	5.17	339.01	339.39	339.77	336.36	255.34
39 Other Consumer (15)	285.17	−0.8	8.20	5.30	—	287.38	287.33	284.13	284.82	292.14
41 OTHER GROUPS (77)	261.82	−1.5	13.16	6.37	9.20	265.84	266.83	265.95	264.02	224.94
42 Chemicals (16)	346.68	−1.9	13.28	6.72	9.04	353.57	352.59	353.48	350.24	277.10
44 Office Equipment (4)	112.45	−1.4	14.46	7.76	8.49	114.10	114.83	114.03	114.42	112.82
45 Shipping and Transport (13)	571.28	−0.8	19.53	7.21	6.21	576.01	580.81	576.75	572.74	558.47
46 Miscellaneous (44)	338.83	−1.3	11.08	5.57	11.00	343.19	345.99	343.56	341.12	293.41
49 INDUSTRIAL GROUP (487)	333.15	−1.4	11.58	5.16	10.58	338.04	339.96	338.15	336.42	291.56
51 Oils (13)	739.21	−1.4	21.41	7.86	5.29	749.41	756.80	756.87	746.78	738.35
59 500 SHARE INDEX	366.22	−1.4	13.09	5.59	9.12	371.55	373.84	372.24	369.84	327.52
61 FINANCIAL GROUP (117)	249.76	−1.0	—	6.65	—	252.34	251.93	249.66	248.82	252.72
62 Banks (6)	271.53	−2.7	38.55	7.92	2.84	279.13	277.79	273.20	273.74	264.87
63 Discount Houses (9)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (10)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (111)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	334.99	−1.4	—	5.84	—	339.13	340.98	339.26	337.71	292.36

FIXED INTEREST

PRICE INDICES	Thur June 10	Day's change %	Wed June 9	xd adj. today	xd adj. 1982 to date
British Government					
1 5 years	112.43	−0.16	112.62	—	5.49
2 5-15 years	122.55	−0.49	123.11	—	5.49
3 Over 15 years	116.76	−0.62	117.49	—	6.10
4 Irredeemables	139.58	−0.21	139.89	—	6.30
5 All stocks	113.54	−0.43	114.03	—	5.51
6 Debentures & Loans	80.92	−0.06	80.96	—	5.38
7 Preference	65.19	—	65.19	—	3.21

AVERAGE GROSS REDEMPTION YIELDS	Thur June 10	Wed June 9	Year ago (approx.)
British Government			
1 Low 5 years	12.18	11.94	12.25
2 Coupons 15 years	12.52	12.47	12.97
3 25 years	12.57	12.57	13.09
4 Medium 5 years	13.68	13.52	13.46
5 Coupons 15 years	13.65	13.55	13.76
6 25 years	13.60	13.52	13.34
7 High 5 years	13.66	13.56	14.45
8 Coupons 15 years	13.62	13.51	13.95
9 25 years	13.12	13.12	13.56
10 Irredeemables	12.65	12.65	13.45
11 Debs & Loans 5 years	14.54	14.38	15.29
12 15 years	14.52	14.36	15.29
13 25 years	14.52	14.38	15.29
14 Preference	15.26	15.26	15.63

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (23)

BEERS (2)
Burtonwood — Greene King

BUILDINGS (1)
Tilbury Group

STORES (1)
Northern Goldsmith

ENGINEERING (1)
Adwest

INDUSTRIALS (5)
Bestobell — Standard Fireworks
Metal Closures — Zygal Dyn.
Rolfe & Nolan

INSURANCE (3)
Legal & General — Sun Life
Minet Holdings

NEWSPAPERS (1)
Routledge & K. Paul

PAPER (3)
A.I.D. — G. B. Papers
Cropper (James)

TEXTILES (2)
Smallshaw (R.) — Stirling Group

TRUSTS (2)
Akroyd Smithers — Authority Invs.

OIL AND GAS (2)
Jackson Ex. — Orbit

NEW LOWS (85)

FOREIGN BONDS (1)
Chinese 5pc 1912

AMERICANS (4)
Beth. Steel — Rep. N.Y. Corp.
Ingersoll-Rand — U.S. Steel

CANADIANS (2)
Hudson's Bay — Trans. Can. Pipe

BANKS (3)
Bank of Scotland — Manson Finance
Cie. Bancaire

BUILDINGS (3)
Crouch Group — Glossop
Finlan (John)

STORES (4)
Bakers Stores — Heelamat
Casket (S.) — Sonic Sound

ELECTRICALS (1)
Thorn EMI 7pc Cnv.

ENGINEERING (5)
Elliott (B.) — Robinson (Thos.)
Firth (G. M.) — Smith Whitworth
Lloyd (F. H.)

FOODS (4)
Cullens "A" — RHM
Leonora Group — Tate & Lyle

INDUSTRIALS (12)
CSR — London & Midland
Cape Inds. — Macpherson (D.)
Duple Int. — Man. Ship Canal
Euro. Ferries — Schlumberger
Francis Inds. — Sothebys
Hawtin — Unilever NV

INSURANCE (2)
Taisho Marine — Travelers

MOTORS (6)
Armstrong Equipment — Appleyard
Automotive — Henlys
Supra Group — Western Motor

PROPERTY (8)
Great Portland Ests. — Samuel Props.
North Brit. Props. — Thames Inv. & Secs.
Prop. Hldg. & Inv. — Trust Secs.
Rush & Tompkins — Do. Defd. Cnv.

TEXTILES (1)
Carrington Vovella

TRUSTS (2)
Hampton Trust — Majedie Invs.

OIL AND GAS (4)
Berkeley Ex. — Double Eagle
Collins (K.) — Magnet Metals

OVERSEAS TRADERS (3)
Crosby House — Sime Darby
Lonrho

RUBBERS (2)
Bertam — Malay Plants.

TEAS (1)
McLeod Russel

MINES (17)
Bracken — North B. Hill
Western Holdings — Pancontinental
Charter Cons. — Peko-Wallsend
Cons. Gold Fields — Voltan Mins.
Minorco — W. Mining
De Beers Defd. — Ayer Hitam
Zam. Copper — Tronoh
Haoma — RTZ
Mid. East Mins.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	81	9
Corpns. Dom. and Foreign Bonds	2	12	63
Industrials	71	486	778
Financial & Props.	28	239	244
Oils	7	46	57
Plantations	2	10	11
Mines	8	69	92
Others	21	66	65
Totals	141	1,018	1,309

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 9, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	66.86
Albania	Lek	6.8559
Algeria	Dinar	4.54
Andorra	Fr. Franc	6.30
	Sp. Peseta	107.52
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7035
Argentina	Peso (O) (2)	14475.
Australia	Dollar	0.9599
Austria	Schilling	17.025
Azores	Port. Escudo	73.15
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Is.	Sp. Peseta	107.52
Bangladesh	Taka	[illegible]
Barbados	Dollar	2.0
Belgium	Franc (C)	46.65
	Franc (F)	[illegible]
Belize	Dollar	2.0
Benin	C.F.A. Franc	315.00
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.3456
Bolivia	Peso	44.00
Botswana	Pula	[illegible]
Brazil	Cruzeiro	156.63
Brunei	Dollar	2.13
Bulgaria	Lev	0.948
Burma	Kyat	[illegible]
Burundi	Franc	90.00
Cameroon Rp.	C.F.A. Franc	315.00
Canada	Dollar	1.2625
Canary Is.	Sp. Peseta	107.52
Cape Verde Is.	Escudo	[illegible]
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	315.00
Chad	C.F.A. Franc	315.00
Chile	Peso	39.00
China	Renminbi Yuan	[illegible]
Colombia	Peso (O)	[illegible]
Comoros	C.F.A. Franc	315.00
Congo (Brazzaville)	C.F.A. Franc	315.00
Costa Rica	Colon	[illegible]
Cuba	Peso	[illegible]
Cyprus	Pound	[illegible]
Czechoslovakia	Koruna (O)	[illegible]
Denmark	Krone	8.1887
Djibouti	Franc	177.72
Dominica	E. Caribbean $	2.7035
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O) (6)	33.00
	Sucre (F)	[illegible]
Egypt	Pound (O)	[illegible]
	Pound (1)	[illegible]
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	[illegible]
Ethiopia	Birr (O)	2.0697
Faeroe Is.	Dan. Krone	8.1887
Falkland Is.	Pound*	[illegible]
Fiji Is.	Dollar	[illegible]
Finland	Markka	[illegible]
France	Franc	6.30
Fr. Cty in Af.	C.F.A. Franc	315.00
Fr. Guiana	Franc	6.30
Fr. Pac. Is.	C.F.P. Franc	[illegible]
Gabon	C.F.A. Franc	315.00
Gambia	Dalasi	[illegible]
Germany (E)	Ostmark (O)	2.416
Germany (W)	Mark	2.416
Ghana	Cedi	2.75
Gibraltar	Pound*	[illegible]
Greece	Drachma	[illegible]
Greenland	Dan. Krone	8.1887
Grenada	E. Caribbean $	2.7035
Guadeloupe	Franc	6.30
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	[illegible]
Guinea Rep.	Syli	[illegible]
Guyana	Dollar	3.085
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	[illegible]
Hungary	Forint	[illegible]
Iceland	Krona	[illegible]
India	Rupee	9.3456
Indonesia	Rupiah	[illegible]
Iran	Rial (O)	[illegible]
Iraq	Dinar	[illegible]
Irish Rep.	Punt*	[illegible]
Israel	Shekel	[illegible]
Italy	Lira	1331.90
Ivory Coast	C.F.A. Franc	315.00
Jamaica	Dollar	[illegible]
Japan	Yen	248.88
Jordan	Dinar	[illegible]
Kampuchea	Riel	[illegible]
Kenya	Shilling	[illegible]
Kiribati	Aust. Dollar	0.9599
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	[illegible]
Kuwait	Dinar	[illegible]
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	[illegible]
Lesotho	Loti	1.0977
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenstein	Sw. Franc	2.0565
Luxembourg	Lux Franc	45.65
Macao	Pataca	[illegible]
Madagascar D.R.	Franc	[illegible]
Madeira	Port. Escudo	73.15
Malawi	Kwacha	[illegible]
Malaysia	Ringgit	[illegible]
Maldive Is.	Rufiyaa (O)	[illegible]
	Rufiyaa (M)	[illegible]
Mali Rep.	Franc	630.00
Malta	Pound*	[illegible]
Martinique	Franc	6.30
Mauritania	Ouguiya	[illegible]
Mauritius	Rupee	[illegible]
Mexico	Peso	[illegible]
Miquelon	Fr. Franc	6.30
Monaco	Fr. Franc	6.30
Mongolia	Tugrik (O)	[illegible]
Montserrat	E. Caribbean $	2.7035
Morocco	Dirham	[illegible]
Mozambique	Metical	[illegible]
Namibia	S.A. Rand	1.0977
Nauru Is.	Aust. Dollar	0.9599
Nepal	Rupee	13.20
Netherlands	Guilder	2.6715
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	[illegible]
Nicaragua	Cordoba	[illegible]
Niger Rp.	C.F.A. Franc	315.00
Nigeria	Naira (O)	[illegible]
Norway	Krone	[illegible]
Oman, Sultanate of	Rial	[illegible]
Pakistan	Rupee	[illegible]
Panama	Balboa	1.00
Papua N.G.	Kina	0.7285
Paraguay	Guarani	126.00
Peru	Sol	[illegible]
Philippines	Peso	8.441
Pitcairn Is.	N.Z. Dollar	[illegible]
Poland	Zloty (O)	[illegible]
Portugal	Escudo	73.15
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	[illegible]
Reunion Ile de la	Fr. Franc	6.30
Romania	Leu (O)	[illegible]
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7035
St. Helena	Pound*	1.7732
St. Lucia	E. Caribbean $	2.7035
St. Pierre	Fr. Franc	6.30
St. Vincent	E. Caribbean $	2.7035
Samoa (Western)	Tala	[illegible]
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1331.90
Sao Tome & Principe DR	Dobra	[illegible]
Saudi Arabia	Riyal	[illegible]
Senegal	C.F.A. Franc	315.00
Seychelles	Rupee	[illegible]
Sierra Leone	Leone	[illegible]
Singapore	Dollar	[illegible]
Solomon Is.	Dollar	[illegible]
Somali Rep.	Shilling (3)	[illegible]
	Shilling (4)	[illegible]
South Africa	Rand	1.0977
Spain	Peseta	107.52
Span. Ports in N. Africa	Sp. Peseta	107.52
Sri Lanka	Rupee	[illegible]
Sudan Rep.	Pound (1)	[illegible]
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.0977
Sweden	Krona	[illegible]
Switzerland	Franc	2.0565
Syria	Pound	[illegible]
Taiwan	Dollar (O)	[illegible]
Tanzania	Shilling	[illegible]
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	315.00
Tonga Is.	Pa'anga	0.9599
Trinidad & Tobago	Dollar	[illegible]
Tunisia	Dinar	[illegible]
Turkey	Lira	[illegible]
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.9599
Uganda	Shilling	[illegible]
Utd. A'b. Emir.	Dirham	3.6717
Utd. Kingdom	Pound Sterling*	1.7732
Upper Volta	C.F.A. Franc	315.00
Uruguay	Peso	[illegible]
U.S.S.R.	Rouble	[illegible]
Vanuatu	Vatu	[illegible]
	Aust. Dollar	0.9599
Vatican	Lira	1331.90
Venezuela	Bolivar	[illegible]
Vietnam	Dong (O)	[illegible]
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	[illegible]
Yemen PDR	Dinar	[illegible]
Yugoslavia	Dinar	[illegible]
Zaire Rp.	Zaire	[illegible]
Zambia	Kwacha	[illegible]
Zimbabwe	Dollar	[illegible]

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, Exporters, Tourists. (2) Argentina—devalued by approx. 17 per cent 5/6/82. (3) Somali: Parallel exchange rates introduced July 1—for essential imports. (4) Somali: Exports and Non-Essential Imports and Transfers. (5) Malawi—devalued 28/4/82. (6) Ecuador—devaluation by 32 per cent 14/5/82.

CURRENCIES and MONEY

Pound weak

Sterling weakened as a result of nervous reaction to the fighting earlier this week in the Falklands, and probably required some support from the Bank of England in the afternoon. This had more influence than the hostilities in the Middle East, with the pound failing to gain much comfort from Britain's North Sea oil reserves.

The dollar recorded mixed changes, in quiet trading following the closure of several major European centres, including Frankfurt, for a religious holiday.

STERLING — Trade-weighted index (Bank of England) 90.4 against 91.0 at noon and in the morning, 90.9 at the previous close, and 90.3 six months ago. Three-month interbank 12⅞ per cent (15$\frac{3}{32}$ per cent six months ago). Annual inflation 9.4 per cent (10.4 per cent previous month)—Sterling opened at $1.7760-1.7770, and was steady around $1.7725-1.7750 for most of the morning, before falling to a low of $1.7590-1.7600 in the afternoon, and closing at $1.7645-1.7655, a fall of 90 points on the day, the lowest level for nearly two months.

The pound fell to DM 4.2575 from DM 4.2850 against the D-mark; to FFr 11.11 from FFr 11.17 against the French franc; to SwFr 3.6350 from SwFr 3.6525 in terms of the Swiss franc, and to Y439.50 from Y441.50 against the yen.

DOLLAR—Trade-weighted index 117.2 against 117.0 on Wednesday, and 107.0 six months ago. Three-month Treasury bills 11.295 per cent (10.48 per cent six months ago). Annual inflation 6.6 per cent (6.8 per cent previous month) — The dollar fell to DM 2.4110 from DM 2.4150, and to FFr 6.2950 from FFr 6.2975, but was unchanged at SwFr 2.0575, and rose to Y249.10 from Y248.90.

FRENCH FRANC—EMS member (third weakest). Trade-weighted index 78.9 against 78.7 on Wednesday, and 80.8 six months ago. Three-month interbank 16$\frac{1}{16}$ per cent (15¾ per cent six months ago). Annual inflation 13.9 per cent (14.1 per cent previous month)—The franc was slightly firmer in the EMS yesterday, but traded nervously before the weekend on speculation about a possible realignment of the system. The Dutch guilder rose to FFr 2.36 from FFr 2.3567 at the Paris fixing, and the D-mark to FFr 2.6092 from FFr 2.6089. Among other currencies the dollar fell to FFr 6.2960 from FFr 6.3010, and the pound to FFr 11.1735 from FFr 11.1880.

BELGIAN FRANC — EMS member (second weakest). Trade-weighted index 95.0 against 95.1 on Wednesday, and 104.2 six months ago. Three-month Treasury bills 14¼ per cent (14¾ per cent six months ago). Annual inflation 9.5 per cent (8.4 per cent previous month)—The Belgian franc was fixed at BFr 18.90 against the D-mark at the Brussels fixing, compared with BFr 18.89925 previously. The Belgian central bank probably intervened to keep the German currency below its EMS ceiling of BFr 18.9035, as speculation increased against the franc ahead of the weekend. Trading was fairly light, however, because of the religious holiday in Germany. The guilder was also strong, but other currencies showed mixed changes, with the dollar falling to BFr 45.6250 from BFr 45.66, and the Swiss franc to BFr 22.1735 from BFr 22.2230.

DUTCH GUILDER — EMS member (strongest). Trade-weighted index 115.1 against 115.0 on Wednesday, and 115.0 six months ago. Three-month inter-bank 8$\frac{13}{16}$ per cent (11¼ per cent six months ago). Annual inflation 6.4 per cent (6.6 per cent previous month)—The guilder remained very firm against major currencies in general at the Amsterdam fixing, although the Belgian franc — weakest member of the EMS—improved slightly against the Dutch currency. The D-mark fell to Fl 1.1059 from Fl 1.1064 and the French franc to Fl 42.33 per 100 francs from Fl 42.41. Outside the EMS, the dollar declined to Fl 2.6690 from Fl 2.6750; the pound to Fl 4.7360 from Fl 4.7370; and the Swiss franc to Fl 1.2995 from Fl 1.3023.

THE POUND SPOT AND FORWARD

June 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7590-1.7770	1.7645-1.7655	0.20-0.30c dis	−1.70	0.82-0.92dis	−1.97
Canada	2.2180-2.2380	2.2240-2.2250	0.75-0.85c dis	−4.31	2.25-2.35dis	−4.13
Nethlnd.	4.68½-4.75½	4.69¾-4.70¾	1½-1¼c pm	3.83	5-4½ pm	4.04
Belgium	80.10-81.10	80.35-80.45	17-27c dis	−3.28	65-75 dis	−3.48
Denmark	14.48-14.67	14.48¾-14.49¾	6-7ore dis	−5.38	17-18½ dis	−4.90
Ireland	1.2250-1.2380	1.2260-1.2270	0.68-0.77p dis	−7.09	1.97-2.14dis	−6.70
W. Ger.	4.24-4.29	4.25¾-4.26¾	1½-1pf pm	3.52	4½-3¾ pm	3.76
Portugal	128.50-130.25	128.75-129.25	98-378c dis	−22.14	313-988dis	−20.17
Spain	189.10-191.10	189.30-189.50	60-80c dis	−4.43	250-285 dis	−5.65
Italy	2,349-2,368	2,365-2,357	18½-21½lire dis	−10.19	60-64 dis	−10.53
Norway	10.79-10.88	10.82½-10.83½	¾-2¾ore dis	−1.80	4½-5¾ dis	−1.87
France	11.08-11.19	11.10½-11.11½	22½-25½c dis	−25.92	43¾-47¾dis	−16.47
Sweden	10.51-10.59	10.52-10.53	¾-1¾ore dis	−1.14	2-2¾ dis	−0.90
Japan	438-444	439-440	2.15-1.85y pm	5.46	6.45-6.15 pm	5.73
Austria	29.90-30.25	29.95-30.00	13½-9gro pm	4.50	28½-20 pm	3.24
Switz.	3.61-3.66	3.63-3.64	2½-2c pm	7.43	7-6½ pm	7.43

Belgian rate is for convertible francs. Financial franc 87.75-87.85. Six-month forward dollar 1.87-1.97c dis, 12-month 3.30-3.45c dis.

THE DOLLAR SPOT AND FORWARD

June 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7590-1.7770	1.7645-1.7655	0.20-0.30c dis	−1.70	0.82-0.92dis	−1.97
Ireland†	1.4335-1.4385	1.4360-1.4380	0.67-0.80c dis	−6.27	1.75-1.60 pm	4.63
Canada	1.2580-1.2620	1.2610-1.2615	0.28-0.31c dis	−2.81	0.68-0.72dis	−2.22
Nethlnd.	2.6620-2.6720	2.6620-2.6650	1.30-1.20c pm	5.64	4.03-3.93 pm	5.98
Belgium	45.55-45.70	45.55-45.57	5-8c dis	−1.71	17-20 dis	−1.62
Denmark	8.2050-8.2325	8.2050-8.2100	2.10-2.35ore dis	−3.25	5.20-5.70dis	−2.65
W. Ger.	2.4040-2.4200	2.4105-2.4115	1.08-1.03pf pm	5.25	3.49-3.44 pm	5.73
Portugal	72.00-73.40	73.00-73.25	50-200c dis	−20.51	150-525dis	−18.46
Spain	107.25-107.65	107.40-107.50	20-25c dis	−2.51	85-95 dis	−3.35
Italy	1,332½-1,336¾	1,333½-1,334½	9-10 lire dis	−8.53	28-30 dis	−8.68
Norway	6.1310-6.1400	6.1350-6.1400	0.40-ore pm-par	0.39	0.50-0.10 pm	0.19
France	6.2850-6.3100	6.2925-6.2975	12-13c dis	−23.82	22½-24dis	−14.77
Sweden	5.9620-5.9740	5.9630-5.9680	0.60-0.40ore pm	1.00	2.05-1.85 pm	1.31
Japan	248.75-249.60	249.05-249.15	1.57-1.47y pm	7.32	4.82-4.72 pm	7.66
Austria	16.98-17.03	17.00-17.0¼	9½-8¼gro pm	6.26	28-25 pm	6.23
Switz.	2.0530-2.0620	2.0570-2.0580	1.67-1.57c pm	9.45	4.90-4.80 pm	9.43

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 10	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.4	−32.9
U.S. dollar	117.2	+9.8
Canadian dollar	86.3	−20.1
Austrian schilling	116.9	+26.0
Belgian franc	95.0	−1.9
Danish kronar	83.4	−13.6
Deutsche mark	123.9	+47.5
Swiss franc	144.6	+94.0
Guilder	115.1	+22.2
French franc	78.9	−15.5
Lira	53.9	−58.4
Yen	135.5	+27.7

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

June 10	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.625750	0.559850
U.S. $	12	1.11008	0.993734
Canadian $	15.87	—*	1.25012
Austria Sch.	6¾	N/A	15.9034
Belgian F	14	50.5474	45.2497
Danish Kr.	11	9.13873	8.16104
D mark	7½	N/A	2.39490
Guilder	8	2.95880	2.64582
French Fr.	9½	6.98906	6.24463
Lira	19	1479.74	1323.16
Yen	5½	275.633	247.341
Norwgn. Kr.	9	6.81312	6.08861
Spanish Pts.	8	N/A	106.856
Swedish Kr.	10	6.62163	5.92017
Swiss Fr.	5½	2.28310	2.04083
Greek Dr'ch.	20½	N/A	65.9278

*C$/SDR rate for June 9: 1.40376

OTHER CURRENCIES

June 10	£	$		£ Note Rates
Argentina Peso	26,454-26,494†	15,000-15,050†	Austria	30.05-30.35
Australia Dollar	1.6950-1.6970	0.9625-0.9630	Belgium	87.90-88.90
Brazil Cruzeiro	293.10-294.10	166.21-167.04	Denmark	14.53-14.68
Finland Markka	8.177-8.189	4.6275-4.6295	France	11.10-11.20
Greek Drachma	116.764-117.207**	66.00-66.50	Germany	4.25½-4.30½
Hong Kong Dollar	10.29-10.30½	5.8400-5.8450	Italy	2330-2370
Iran Rial	146.90*	82.75*	Japan	442-447
Kuwait Dinar (KD)	0.50665-0.50755	0.2874-0.2878	Netherlands	4.70-4.75
Luxembourg Fr.	80.35-80.45	45.55-45.57	Norway	10.83-10.93
Malaysia Dollar	4.0950-4.1050	2.3245-2.3275	Portugal	127-137
New Zealand Dlr.	2.3510-2.3530	1.3255-1.3275	Spain	185-192
Saudi Arab. Riyal	6.04-6.05	3.4275-3.4285	Sweden	10.54-10.64
Singapore Dollar	3.7450-3.7550	2.1260-2.1290	Switzerland	3.63-3.67
Sth. African Rand	1.9440-1.9460	1.1015-1.1025	United States	1.75½-1.78½
U.A.E. Dirham	6.4725-6.4825	3.6715-3.6735	Yugoslavia	84-101

**The rate for June 9 should have read 117.250-117.738.
†Now one rate. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.2497	+1.24	+1.25	±1.5440
Danish Krone	8.18382	8.16104	−0.28	−0.27	±1.6428
German D-Mark	2.41815	2.39490	−0.96	−0.96	±1.7097
French Franc	6.19564	6.24463	+0.79	+0.80	±1.3743
Dutch Guilder	2.67296	2.64582	−1.02	−1.01	±1.5069
Irish Punt	0.686799	0.690813	+0.58	+0.59	±1.6689
Italian Lira	1305.13	1323.16	+1.38	+1.38	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 10	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Fran
Pound Sterling	1.	1.765	4.258	439.5	11.11	3.635	4.703	2356.	2.225	80.40
U.S. Dollar	0.567	1.	2.412	249.0	6.295	2.059	2.664	1335.	1.260	45.55
Deutschemark	0.235	0.415	1.	103.2	2.610	0.854	1.105	553.4	0.522	18.88
Japanese Yen 1,000	2.275	4.016	9.687	1000.	25.28	8.271	10.70	5361.	5.061	182.9
French Frank 10	0.900	1.589	3.832	395.6	10.	3.272	4.233	2121.	2.002	72.37
Swiss Franc	0.275	0.486	1.171	120.9	3.056	1.	1.294	648.1	0.612	22.12
Dutch Guilder	0.213	0.375	0.905	93.46	2.363	0.773	1.	501.0	0.473	17.10
Italian Lira 1,000	0.424	0.749	1.807	186.5	4.716	1.543	1.996	1000.	0.944	34.13
Canadian Dollar	0.450	0.793	1.914	197.6	4.994	1.634	2.114	1059.	1.	36.14
Belgian Franc 100	1.244	2.195	5.295	546.6	13.82	4.521	5.849	2930.	2.767	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 10)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 13/16	offer 14 15/16	bid 15 1/16	offer 15 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅝-12⅞	13¾-14	17-18	8½-8⅞	2-3¼	8⅞-9	20-40	18-20	13⅛-15⅛	14⅛-14⅝	6⅞-7	18⅞-20⅛
7 day's notice	12½-12⅞	13⅞-14⅛	17-18	8⅞-8⅞	2⅛-3	8⅞-9	30-45	20⅞-25	14-16⅛	14⅞-14⅞	6⅞-7	18⅞-20⅛
Month	12½-12⅞	14⅛-14¼	17⅛-17⅞	8¾-8⅞	4¾-4⅞	8⅞-9⅛	20½-25	22½-25¾	15⅛-16⅛	14⅞-16⅛	7⅛-7¼	17⅞-19⅛
Three months	12⅞-13	14⅞-15	17⅛-17⅞	8⅞-8⅞	4¾-4⅞	9-9⅛	28-31	22½-25¾	16-17	16⅛-17⅛	7⅛-7¼	19⅛-21
Six months	12⅞-13	15-15⅛	17-17⅞	8⅞-9	5½-5⅝	9-9⅛	23½-25	23⅛-26⅛	16-17	16⅛-17⅛	7⅛-7⅛	19-20⅛
One Year	13-13⅛	15-15⅛	17-17⅛	9-9⅛	5⅞-6	9-9⅛	21⅞-23⅛	23⅛-24⅞	16-16⅛	16⅛-17⅛	7⅛-7⅛	18⅞-19⅞

SDR linked deposits: one month 14⅛-15⅛ per cent; three months 14⅛ per cent; six months 13⅞-14 per cent; one year 13⅞-13⅞ per cent.
ECU linked deposits: one month 17⅛-17⅞ per cent; three months 16⅞-15⅞ per cent; six months 13⅞-14⅛ per cent; one year 13⅞-14⅛ per cent.
Asian $ (closing rates in Singapore): one month 14⅛-14⅞ per cent; three months 14⅞-15⅛ per cent; six months 15⅛-15⅞ per cent; one year 15⅛-15⅞ per cent. Long-term Eurodollar two years 15⅛-15⅞ per cent; three years 15⅛-15⅞ per cent; four years 15⅛-15⅞ per cent; five years 15⅛-15⅞ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one-month 14.00-14.10 per cent; three months 14.30-14.40 per cent; six months 14.55-14.65 per cent; one year 14.65-14.75 per cent.

MONEY MARKETS

UK rates show little change

UK clearing bank base lending rate 12¼ per cent (since June 8)

Interest rates were little changed in London yesterday in generally quiet and featureless trading. Short-term funds tended to fall away after the Bank of England added funds to the market with overnight funds in the interbank market quoted as low as 1 per cent after opening at 12½-12¾ per cent. Longer term rates still reflected market uncertainty however with rates from one week through to six months showing little variation.

The Bank of England forecast a shortage of £100m with factors affecting the market including bills maturing in official hands and a net take-up of Treasury bills −£213m, partly offset by Exchange transactions of +£50m. The forecast was revised to around £250m and the Bank gave assistance in the morning of £217m. This comprised purchases of £14m of eligible bank bills in band 2 (15-33 days) at 12¼ per cent, £10m in band 3 (34-63 days) at 12⅜ per cent and £177m in band 4 (64-84 days) at 12⅜ per cent. It also bought £16m of Treasury bills in band 4 (64-91 days) at 12¼ per cent.

Further assistance was given in the afternoon of £17m, making a grand total of £234m. The afternoon help was made up of purchases of £2m of eligible bank bills in band 3 at 12⅜ per cent and £15m in band 4 at 12¼ per cent.

In New York the Federal Reserve Bank added liquidity to the market by making $700m of customer repurchases. Federal funds were trading quietly between 13⅜-13½ per cent. Activity over the past few weeks has been subdued as the market awaits further developments over the eventual size of the Government's budget deficit requirements.

In Paris call money remained at 16¼ per cent and longer term rates were also unchanged. The closure of many European centres kept trading at a comparatively low level, but there was continued pressure on the French franc within the European Monetary System.

In Zurich the Government announced its intention to issue a further SwFr 200m of three-month money market paper. The previous batch offered on May 21 gave a yield of 2.88 per cent.

EUROCURRENCIES

Eurodollars steady

Euro-dollar rates were mostly unchanged yesterday in generally subdued trading. Market attention remained focused on the growing Middle East conflict although the level of business was restricted to some extent by the closure of some European centres for a holiday, including West Germany. The D-mark showed a narrower premium in forward trading as a reflection of the dollar's weaker tendency in the spot market while the Swiss franc also slipped marginally despite little change in Euro-Swiss franc rates. Spot trading saw the French franc lose further ground despite a firmer trend in Euro-French franc rates. Period rates were all higher while one week deposits were quoted up to 55 per cent. Elsewhere the dollar eased against sterling in forward trading to match a weaker tendency by sterling in the spot market. Euro-sterling rates were little changed.

MONEY RATES

NEW YORK

Prime rate	16-16½
Fed funds (lunch-time)	13¾-13⅞
Treasury bills (13-week)	11.325
Treasury bills (26-week)	12.15

GERMANY

Lombard	9.00
Overnight rate	9.00
One month	9.10
Three months	9.15
Six months	9.10

FRANCE

Intervention rate	16.0
Overnight rate	16.25
One month	16.3125
Three months	16.3125
Six months	15.5625

JAPAN

Discount rate	5.5
Call (unconditional)	7.21875
Bill discount (three-month)	7.21875

LONDON MONEY RATES

June 10 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	1-12¾	12⅛-12⅝	—	—	—	1-12⅝	—	—	—
2 days notice	—	—	12⅛-12¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12⅞	12⅝-12¾	—	—	13¼	12⅛	—	—	—
One month	12⅞-12¾	12¾-12⅞	12¾	13⅛-13	12¾	13¼	12⅛	12$\frac{11}{16}$-12$\frac{13}{16}$	12$\frac{11}{16}$	13¼
Two months	12⅞-12¾	12¾-12⅞	—	13⅛-13	12⅞	13¼	12⅝	12⅝-12$\frac{13}{16}$	12$\frac{13}{16}$	13$\frac{1}{16}$
Three months	12$\frac{11}{16}$-12$\frac{13}{16}$	12¾-12⅞	12¾	13¼-12⅞	12$\frac{13}{16}$	—	12⅛-12¼	12¼	12⅝	12⅞
Six months	12$\frac{13}{16}$-12⅝	12¾-12$\frac{15}{16}$	12¾	12¼-11⅞	12$\frac{13}{16}$	—	—	—	11$\frac{15}{16}$-12	12⅝
Nine months	12$\frac{11}{16}$-12⅝	12$\frac{15}{16}$-13	—	13-12⅝	12$\frac{15}{16}$	—	—	—	—	—
One year	12$\frac{13}{16}$-12⅝	12⅞-13$\frac{1}{16}$	12¾	13-12⅝	12$\frac{13}{16}$	—	—	—	—	—
Two years	—	—	13¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13⅛ per cent; four years 13⅛ per cent; five years 13½ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12$\frac{9}{32}$-12⅛ per cent; four months trade bills 12$\frac{13}{16}$ per cent.

Approximate selling rate for one month Treasury bills 12$\frac{7}{16}$-12$\frac{25}{32}$ per cent; two months 12⅝-12$\frac{21}{32}$ per cent; three months 12⅝ per cent. Approximate selling rate for one month bank bills 12$\frac{23}{32}$ per cent; two months 12$\frac{21}{32}$ per cent and three months 12$\frac{7}{32}$ per cent; one month trade bills 13 per cent; two months 12¾ per cent; three months 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from June 1 1982. London and Scottish Clearing Bank Rates for lending 12½ per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 8½ per cent. Treasury Bills: Average tender rates of discount 12.6875 per cent.

Certificates of Tax Deposit (Series 5) 13 per cent from June 8. Deposits withdrawn for cash 10½ per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	227.5	239.5		—
Equity Fund	55.1	55.9	-0.9	—
Property Acc.	266.5	280.6		—
Equity Acc.	50.8	53.5	-0.9	—
Selective Fund	150.8	158.8	-1.2	—
Money Fund	166.5	175.3		—
Convertible Fund	178.6	188.0		—
Prop. Fd. Ser. 4	210.1	221.3		—
Equity Ser. 4	56.7	59.7	-0.9	—
Man. Ser. 4	201.7	212.4	-1.2	—
Money Ser. 4	151.0	159.0		—
Conv. Ser. 4	151.1	159.1		—
Fixed Int. Fd. Ser. 4	118.3	124.6		—
American Ser. 4	107.1	122.8	-0.5	—
High Inc. Ser. 4	117.9	124.2	-1.3	—
Indexed Inv. Series 4	96.9	102.1		—
Pension Property	317.6	334.4		—
Pension Equity	292.5	307.9	-3.4	—
Pension Selective	152.0	160.0	-1.2	—
Pension Managed	298.4	314.2	-1.5	—
Pension Security	221.7	233.4		—
Pension Fixed Int.	114.9	121.0		—
Pension Indexed Inv.	97.0	102.2		—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	327.1	344.3	-1.9	—
Fixed Int. Acc.	196.5	206.9	-0.7	—
Gtd. Money Fd. Ac.	156.0	164.2	+0.1	—
Intl. Man. Fd. Acm.	141.8	149.2	+0.7	—
Intl. Fxd. Int. Fd.	106.6	112.2	-0.1	—
Prop. Fd. Acc.	159.0	167.3		—
M'ple Inv. Acc.	252.0	265.2	-0.7	—
Equity Pen. Fd. Acc.	451.2	474.9	-3.4	—
Fixed I. Pen. Acc.	316.5	333.1	-1.5	—
G'td. Mon. Pen. Acc.	215.7	227.1		—
Intl. Mn. Pn. Fd. Acc.	163.3	171.9	+0.8	—
Prop. Pen. Acc.	209.6	220.6		—
M'ple Inv. Pen. Acc.	366.0	385.2	-1.3	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	197.7	208.1		—
Money Fd.	143.5	151.0	+0.2	—
Equity Fd.	151.3	159.4	-1.4	—
Fixed Int. Fd.	95.1	100.2	-0.4	—

OFFSHORE AND OVERSEAS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
98⅞	95⅝	Exch. 9¼pc 1982	98⅞	......	9.36	12.97
98⅛	94⅛	Exch. 8¾pc 1983	98¼xd	-⅛	8.91	12.84
95¼	91	Exch. 3pc 1983	94⅝	-¼	3.17	10.95
99½	95¾	Treasury 12pc 1983‡‡	99⅝	-⅛	12.08	12.75
98	92⅞	Treasury 9¼pc '83	97⅜	-⅛	9.50	11.85
102	96⅞	Exch. 13½pc '83	101⅜	-⅛	13.32	12.37
98⅛	91⅞	Exch. 10pc 1983	97¾xd	-⅛	10.23	11.67
94½	87⅜	Funding 5½pc '82-84‡‡	94¼xd	-¼	5.84	9.47
98⅝	91⅞	Exch. 11¼pc 1984	97⅞	-⅛	11.49	12.63
102⅞	96¼	Exchequer 14pc 1984	101¾	-¼	13.76	12.93
89½	81⅛	Exch. 3pc 1984	89½xd	......	3.35	8.78
98½	91½	Treasury 12pc 1984	97⅞	-⅛	12.24	13.02
104½	96¾	Treasury 15pc 1985	103¾	-¼	14.46	13.26
98⅜	89½	Exch. 12pc Cnv. '85	97½	-⅜	12.31	13.06
83	73½	Treasury 3pc 1985	82⅝	-¼	3.63	9.89
97¼	87½	Treasury 11½pc 1985	96¾xd	-¼	11.89	12.84
98⅜	88⅝	Exch. 12¼pc 1985	97⅞	-⅛	12.52	13.00
96¼	86⅛	Exch. 11¾pc '86	95¾	-⅛	12.27	13.20
79	69	Treasury 3pc 1986	78½	-¼	3.82	9.69
97¼	86¾	Treasury 12pc '86	96⅝xd	-¼	12.42	13.11
90½	80⅜	Treasury 8½pc '84-86‡‡	90xd	-½	9.44	11.67
30	29⅞	Treas. 12¾pc '86 (£30pd)●	30	......	12.53	12.98
102⅞	91⅞	Exch. 14pc 1986	102	-¼	13.73	13.35
103⅞	90	Exch. 13¼pc 1987	99⅝	-¼	13.30	13.34
100⅝	84⅜	Do. A	99⅝	-¼	13.30	13.33
82½	73⅞	Funding 6½pc '85-87‡‡	81½	-¼	7.98	11.55

Five to Fifteen Years

1982 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
73¼	64½	Treasury 3pc 1987	72½	+¼	4.12	9.95
98¼	85⅞	Treas. 12pc 1987	95⅜	-¼	12.75	13.55
84¼	72½	Treasury 7¾pc '85-88‡‡	84⅝	......	9.48	12.33
67⅞	60⅛	Transport 3pc '78-88	67¾xd	+⅛	4.42	10.25
94	79⅞	Treasury 11½pc 1989	92⅞	-⅜	12.86	13.95
67¾	62½	Treasury 5pc '86-89	67½	......	7.49	11.92
101½	85⅞	Treasury 13pc 1990‡‡	94½xd	-⅜	13.58	13.94
96⅜	85¼	Exch. 12½pc 1990	95¼	-½	13.52	14.10
80¼	70⅛	Treasury 8¼pc '87-90‡‡	79¼xd	-⅛	10.41	12.42
93½	77⅞	Treasury 11¾pc 1991	87¾xd	-⅜	13.25	14.07
67¾	59¾	Funding 5¾pc '87-91‡‡	67⅜	-⅛	8.67	12.05
89⅛	76⅞	Exch. 11pc 1991	85⅞	-⅜	13.02	14.07
99½	81⅞	Treasury 12¾pc '92‡‡	98¼	-½	13.46	14.01
84½	70	Treasury 10pc 1992	83½	-½	12.42	13.68
95¼	80⅞	Exch. 12¼pc '92	93⅞	-⅝	13.56	14.05

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

1982 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
20¾	17¾	Consols 2½pc	20xd	-⅛	12.48	—
20⅛	17⅝	Treasury 2½pc	20	-⅛	12.61	—

Index-Linked & Variable Rate

1982 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
100⅛	99⅜	Treas. Variable '83	100	......	12.72	12.66
97¼	95	Do. 2pc I.L. '88	97¼	......	2.65	2.68
106	93	Do. 2pc I.L. '96	99⅞	......	2.32	2.98
101½	86⅜	Do. 2pc I.L. '06	94¼	-½	2.38	2.85
104	90	Do. 2½pc I.L. 2011	95⅞	......	2.65	2.85

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1982 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
100	92¾	Finland 14½pc Ln 1986	99½	-¼	14.57	14.64
99	93½	Int. Bank 5pc '77/82	98½	......	5.07	12.96
99½	90¾	Do. 13½pc Ln 1986	98¾xd	-¼	13.67	13.90
30⅞	27½	Do. 14pc Ln '87 (£30pd)	30¼	-½	14.03	14.09
101¾	94⅞	Mex 16½pc 2008	96½	......	17.94	18.70
99	90¾	Sweden 13½pc 1986	98xd	-½	13.77	14.15

CORPORATION LOANS

1982 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
93½	85	Bath 11¾pc 1985	93	......	12.10	13.87
97½	89¼	Birm'ham 12½pc 1985	97	......	12.88	13.72
99¾	87	Burnley 13pc 1987	96½xd	......	13.47	13.98
91¼	81⅜	Cardiff 11pc 1986	90¾	......	12.05	13.70
100	94⅜	G.L.C. 12¼pc '83	98⅝	......	12.67	13.81
100	94⅝	Do. 13¼pc 1984	99½	......	13.32	13.56
100	94¾	Glasgow 9¼pc '80-82	99½	......	9.29	10.53
78¼	67½	Herts 6¾pc 1985-87	77¾xd	......	8.95	13.52
98	85	Leeds 13½pc 2006	96¼xd	......	14.33	14.34
94	87½	Liverpool 9¼pc '80-84	93½	......	10.43	13.65
26	21½	D. 3½pc Irred.	22½xd	......	15.34	—
100½	95½	Lon. Corp. 13¼pc '83	99½	......	13.32	13.58
90	82¼	Do. 9¼pc '84-85	89½	......	10.34	13.23
87½	78¾	LCC 5½pc '82-84	87	......	6.32	12.72
73¾	64¼	Do. 5½pc '85-87	72¾	......	7.55	13.06
68½	56	Do 6¾pc '88-90	68	......	10.34	14.08
22¼	19½	Do. 3pc '20 Aft.	20¾	......	14.74	—
97½	90¼	Sunderland 12¼pc 1984	96¼	......	12.66	13.78

COMMONWEALTH AND AFRICAN LOANS

1982 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
92	85¼	Aust. 6pc 1981-83	91¾	......	6.56	12.44
67	57	N.Z. 7¼pc 1988-92	64½xd	+¼	11.16	13.79
86	74¾	Do. 7½pc '83-86	84xd	......	8.91	12.63
161	136	S. Rhod. 2½pc Non-Ass.	159	......	—	—
66	58	Do. 3½pc 80-85 Asstd.	66	......	5.30	17.80
41	32	Do. 4½pc 87-92 Asstd.	40xd	......	11.31	17.60
372	318	Zimbabwe Ann (£100pd)	362	......	20.80	20.20

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
66	57¾	Agric. Mt. 5pc '59-89	62	......	8.02	13.42
29½	24¾	Met. Wtr. 3pc 'B'	29	......	10.64	13.17
114	103	U.S.M.C. 9pc 1982	106xd	......	8.49	—
101½	94	Do. without Warrnts.	98½xd	......	9.13	—

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	90	......	Q25c	18.3	20.7
33	20	Wankie Col. Z$1	20	......	Q3c	1.2	12.1
21	14	Zam.Cpr.SBD0.24	14	−1	—	—	—

Australian

Tins

Copper

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
292	190	Cons. Murch. 10c.	200	......	‡Q60c	1.9	‡
8	5	‡‡Explaura Gold	5	......	—	—	—
105	65	Highwood Res.	70	......	—	—	—
255	165	Northgate C$1	185	+5	—	—	—
468	375	R.T.Z.	377xd	−20	16.0	2.1	6.1
£108½	£92	Do.9¼%Cn.Ln.'95-2000	£92xd	−3½	Q9¼%	30.0	10.0
20	12	Sabina Inds. C$1	12	......	—	—	—
44	27	‡Southwest C. 10p	35	−1	—	—	—
500	270	Tara Expln. $1	315	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

			IRISH		
Albany Inv. 20p	40	......	Conv. 9% '80/82	£97⅞	......
Bertrams	17#	......	Nat. 9¾% 84/89	£71½	−¼
Bdg'wtr. Est. 50p	410	......	Fin. 13% 97/02	£74⅝	−⅛
Craig & Rose £1	£12½	−¼	Alliance Gas	80	+3
Finlay Pkg. 5p	28	......	Arnott	200	......
Graig Ship. £1	£26	......	Carroll (P.J.)	74xd	......
Higsons Brew.	92	......	Concrete Prods.	75	......
Holt (Jos) 25p	800	+10	Heiton (Hldgs.)	20	......
I.O.M. Stm. £1	115	−3	Irish Ropes	36	......
Pearce (C. H.)	£10¾	......	Jacob	68	......
Peel Hldgs.	145	......	T.M.G.	8	......
Sheff. Refrshmt	78	+5	Unidare	44	......
Sindall (Wm.)	215	......			

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	16	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	16
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lofs"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	20	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	38
Gen. Electric	65	Sears	6		
Glaxo	42	T.I.	13	**Mines**	
Grand Met.	17	Tesco	5½		
G.U.S. 'A'	45	Thorn EMI	42	Charter Cons.	25
Guardian	25	Trust Houses	11	Cons. Gold	45
G.K.N.	15	Turner & Newall	11	Lonrho	7
Hawker Sidd.	30	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Friday June 11 1982

SCARGILL CLAIMS NCB HAS 'HIT LIST' OF COLLIERIES

Miners' threat over Kent pit

BY JOHN LLOYD, LABOUR EDITOR

A THREAT of country-wide industrial action by the 211,000 mineworkers faces the National Coal Board (NCB) if it does not withdraw its proposals to cease production at Snowdown Colliery, Kent.

There is apparently no intention to scrap the board's plan, involving at least 500 redundancies or transfers while tunnelling is carried out to open up possible reserves.

Mr Arthur Scargill, president of the National Union of Mineworkers, said yesterday that the union's national executive had unanimously backed the Kent area's resistance to the plan. The executive's decisions mean that it will:

● Demand an immediate meeting with the NCB over the future of Snowdown, and raise the issue again at the special meeting with the board on June 24 arranged to discuss new projects.

● Call on the Kent area executive to withdraw its decision to strike on June 19, in favour of national action. This call is almost certain to be endorsed at a meeting of the Kent executive today.

● Take a decision to call industrial action at its next executive on July 1 if the board does not back down. The recommendation for action will then be put to the annual conference in Inverness the following week.

The resolution adopted by the executive deliberately widens the issue, saying that the plan for Snowdown is "symptomatic of a general attack" on pits in Scotland, the North-east, Yorkshire and South Wales.

Mr Scargill said the board had a "hit list" of pits in every area, and that some 30 pits were on a list for immediate closure. He said that industrial action would be taken to preserve pits and jobs.

The union's position means that the NCB can no longer expect to close pits—unless they are completely exhausted—without courting the threat of disruption. However, it hopes that redundancy terms will be sufficiently generous to tempt mineworkers out of uneconomic pits, thus diluting militancy.

Mr Scargill has written to the rail and steel unions, partners with the mineworkers in the "triple alliance," asking for a meeting to discuss "attacks upon us all" by the Government. "We must confront this monetarist madwoman and her Government, which has challenged all three unions," he said.

BR unmoved by strike threat, Page 11

Argyll fund-raising offer spurned

BY RAY MAUGHAN

THE AMBITIOUS offer for sale of shares by tender, designed to raise at least £81m to finance the acquisition by Argyll Foods of Allied Suppliers, has been largely shunned by investors.

Samuel Montagu—the merchant bank for Argyll, which is headed by Mr James Gulliver—announced yesterday that applications had been received for only 25m of the 95m shares on offer. The merger with Allied Suppliers, Sir James Goldsmith's supermarket group, will proceed normally because about 250 City institutions have agreed to sub-underwrite the offer by accepting a guaranteed number of shares, whatever the outcome.

Argyll, Samuel Montagu and the group's brokers, Panmure Gordon, all expressed surprise, even shock, at the failure. Each had been confident, at least until Wednesday afternoon, that the fund-raising had been well received. "The institutions we have canvassed that afternoon had shown a high degree of intent to apply," Lord McGowan of Panmure Gordon said.

Mr David Webster, finance director of Argyll, said: "James Gulliver and I saw a lot of people in the last three weeks and the reaction throughout was very positive. We felt that the only debating point was the likely striking price."

The tender had been pitched at a minimum of 85p, which would have raised £81m, and a maximum of 100p to raise £95m. Some three-quarters of the applications which were received had been tendered at more than 90p, but such was the low rate of subscription that shares worth almost £60m have been allotted to the sub-underwriters. This is expected to depress overall stock market activity today.

Lord McGowan believed that the "tender system has slightly confused the public." He was "not sure that they would come for it in droves." But the overriding impression within the company and among its financial advisers was that news of developments in two wars, filtering through on Wednesday evening, had affected confidence, which had drained away because of self-feeding doubts about the issue.

The first day of dealings has been brought forward by 24 hours to Wednesday June 16 because, Lord McGowan explained, "the sooner we get dealings going again the better."

Having failed signally to attract wide-ranging public support, the offer has been transformed, as Samuel Montagu put it to a placing with institutional investors. The striking price at the lowest end of the tender range compares with the prevailing share price of 96p.

EEC textile deal moves run into trouble

BY GILES MERRITT IN BRUSSELS

EEC ATTEMPTS to negotiate restrictive textile import deals with the 28, mainly Third World, countries covered by the Multifibre Arrangement trade pact are meeting determined opposition from the exporting countries.

The arrangement provides the basis for most world trade in textiles.

In the wake of the Indian delegation's recent return to New Delhi after inconclusive bilateral talks with the European Commission, three other countries are expected to break off their negotiations in Brussels.

Hong Kong's 17-man negotiating team is thought certain to return home next week and await fresh proposals from the EEC because the Community rejected a 12 per cent cut in quotas for major categories of clothing. This is expected to be followed by Singapore and Malaysia.

EEC negotiators said yesterday that an "unscheduled" second round of talks with some of Multifibre Arrangement exporting countries will need to be held, probably in August and September.

The officials said that the likely departures of four hard-line countries should not be seen as a walk-out.

"With our mandate [from EEC member-states]" one senior official commented, "No one expected a smooth ride."

The sudden emergence of an unplanned second round of Multifibre Arrangement bilateral negotiations has triggered speculation in Brussels that the EEC may shortly feel itself forced to request a new and more liberal mandate from the governments of the Ten if a collapse of the 1983-86 Arrangement is to be avoided.

The Arrangement was renewed last December after lengthy negotiations in Geneva. These centred on resistance by the EEC to boosting imports of textiles from low-cost exporting countries.

Next week talks start between the EEC and delegations from South Korea, the Philippines and some Latin American textile producing nations. Signs are that in the present circumstances many will opt for a second round of talks.

The EEC has also suffered a reverse in its attempts to impose reduced growth rates on a number of leading East European textile producers.

Negotiators from Hungary, Czechoslovakia and Romania have returned to their capitals for consultations before taking part in further talks in Brussels later in the summer.

Nato summit aims to disarm critics

BY JONATHAN CARR IN BONN

THE NATO summit, the first since 1978 and the first to be held on German soil, was clearly intended to grasp the initiative from critics in the West of Nato policy, above all among the young.

Even as some 300,000 people demonstrated in Bonn against the nuclear arms race, the conference issued what it called a "programme for peace and freedom."

The Nato allies stressed that they would never use force except in self-defence, but that they wanted a stable military balance at the lowest negotiable level. They urged the Soviet Union to join in showing "restraint and responsibility."

The main declaration was flanked by two others, one listing Nato proposals for cuts in nuclear and conventional forces, the other stressing what still needed to be done to ensure that parity with the Warsaw Pact was achieved.

The latter statement was not formally subscribed to by France, which alone of the 16 member-states is not part of Nato's integrated military command structure.

France nevertheless went out of her way to stress support for the American military presence in Europe and the U.S. nuclear "umbrella."

The U.S. itself said it was delighted with the declarations, although specific figures, for example, for increases in Western defence spending "were not included, as the Pentagon had originally hoped."

The West German hosts, keen to pursue their "Ostpolitik" were particularly pleased that their allies formally subscribed the aim of "substantial and balanced East-West relations aimed at genuine détente."

However, in a statement in the West German Parliament yesterday before the main session of the summit began, Chancellor Helmut Schmidt struck a warning note, directed, not least at the U.S.

Herr Schmidt stressed that "in the global rivalry between the systems of East and West the ability to maintain economic and social stability has a—and I deliberately use this word—strategic importance.

Lying behind the statement are West German fears that continued economic recession in the West, caused in Bonn's view not least by high U.S. interest rates, will bring growing social unrest, and thus could undermine Nato from within.

Continued from Page 1

Pound lower

Sterling's Bank of England trade-weighted index against a basket of currencies slipped from 90.9 to 90.4.

The dollar recorded mixed fortunes in quiet trading with several of the major European centres closed for holidays.

In London it slipped against the D-mark and the French franc. It was unchanged against the Swiss franc but up against the yen. Its Bank of England trade-weighted index, however, increased from 117.0 on Wednesday to 117.2.

Interest rates in Europe were marginally firmer with six-month Eurodollar deposit rates up 1/16 of a point at 15½ per cent.

In the U.S. First National Bank of Boston raised its prime lending rate back up to 16½ per cent from 16 per cent.

The bank said market conditions apparently made it impractical for other banks to join its move to the lower rate a week ago so it had decided to restore its rate to 16½ per cent.

The bank's decision leaves Citibank alone among the major U.S. banks with a prime rate of 16 per cent.

Falklands

Continued from Page 1

—was not severely damaged. Another smaller landing craft was bombed in a separate incident, killing four Royal Marines and two naval personnel. Five naval personnel were injured when bombs hit HMS Plymouth, a Type 12 frigate.

The warship had been damaged but remained operational, Mr Nott said.

● Mrs Thatcher warned last night of "considerable casualties" in the attacks on Tuesday. The Prime Minister said, at the end of the Nato summit, that she was not in a position to give figures. But she added: "We think there must have been quite a considerable number of casualties. We do not know precisely how many because you have to locate every single person before knowing how many there are." She said that when the HMS Sheffield was sunk, in early May, the Government had released a casualty figure which had to be increased.

FALKLANDS WEATHER: Partly cloudy with W winds force 6-7 and 12 ft waves. Temps. low 30s. Good visibility. OUTLOOK: NW winds force 6 and 10 ft seas. Cloudy with intermittent rain and snow showers. Temps. mid-30s. Visibility reduced in showers.

BL and British Steel settle prices row

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE ROW over steel prices between state-owned BL and the British Steel Corporation, has been settled.

All the UK car manufacturers will now get their BSC steel at a discount on BSC's published prices and BSC will retain a major customer.

Neither side would comment formally last night on the sensitive issue, but it seems both organisations are reasonably satisfied with the result.

The indications are that BL will not be paying the full price increase which BSC asked for at the beginning of 1982.

However, a price rise has been negotiated and BL, which bought steel worth more than £60m from BSC last year, has paid for all the steel delivered so far this year at the newly-agreed 1982 prices.

BL was paying for deliveries at 1981 prices before the settlement. The price difference had a severe effect on BSC's cash flow.

EEC policy allows modest discounts to be given on a producer's published prices, provided the deal is registered with the European Commission and does not relate to one large customer, but only to a class of customer.

Therefore, Ford, Talbot UK and Vauxhall will all benefit from BL's battle over prices.

Efforts to resolve the dispute involved meetings between Sir Michael Edwardes, BL's chairman, and Mr Ian MacGregor, chairman of BSC.

Sir Michael brought the row into the open when he said: "We have to live in a competitive world and respond to the same market forces as our competition. This means we can not and will not accept BSC prices."

The Government was informed of the progress of negotiations because any break in BSC's pricing structure might have implications for the commission's policy of securing higher prices throughout the Community's steel industry—a policy which the UK Government supports fully.

There was little chance of BL being able to buy steel more cheaply on the Continent while the policy stood.

However, BSC was anxious not to provoke a long-term switch to another supplier by one of its major customers, whose demand for sheet steel in particular is vital to the operations in South Wales.

The average for all price increases by BSC this year was 12½ per cent but there were suggestions that BL was being asked for 25 per cent on some products.

The deal now struck is likely to be more in line with the 12½ per cent average.

Leaflet onslaught on Tebbit Bill

By Ivo Dawnay, Labour Staff

TEN THOUSAND leafleteers armed with 9m leaflets took to the streets, and to factories and offices yesterday to press home the unions' case against Mr Norman Tebbit's Employment Bill.

By the end of "Union Day" Mr Len Murray, TUC general secretary, declared that the opening shot in a campaign to alert the public to the dangers of the legislation had been an overwhelming success.

Across the country trades councils and TUC regional offices held briefings, conferences and workshops, while outside, diligent activists transformed a mountain of propaganda into a litter epidemic.

More than three-quarters of Britain's 24,000 dockers, inspired perhaps by their fight with the 1971 Industrial Relations Act, went on 24-hour unofficial strikes, bringing docks in London, Liverpool and other ports to a standstill.

For the most part, the propaganda war was conducted at mainline railway stations, which some thought an unfortunate battleground on the morning that announcement of an indefinite rail strike once again made headlines.

So far there appear to be no candidates for the coveted role of first martyr to the legislation.

However, Mr Moss Evans, general secretary of the Transport and General Workers' union, claimed with some pride last night that he, with several of his TGWU colleagues, had been "moved on" by police from their pitches at Waterloo and Kings Cross.

Mr Murray found such a shortage of takers outside the Department of Employment that he was reduced to shaking your reporter's hand for the benefit of the television cameras.

A pair of ladies from the Salvation Army passed by, with eyes averted, on the other side

But the highlight of the day was when Mr Terry Duffy, complete with patent leather pumps, put on an impromptu tap dance for the assembled spectators.

He was, he explained to the delighted audience, a BBC pianist and no relation of the president of the Amalgamated Union of Engineering Workers.

Weather

UK TODAY

THUNDERY rain, becoming brighter.

London, Eastern and Central England, Midlands, Wales, Channel Is, S.W. Scotland and N. Ireland
Cloudy with rain, becoming brighter with showers. Max 20C (68F).

Rest of England, Borders and Central Scotland
Thundery rain, becoming brighter. Max 20C (68F).

Aberdeen, Orkney, Shetland and N.E. Scotland
Dry, sunny intervals. Max 16C (61F).

Outlook: Bright intervals with occasional showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Luxmbg.	S	21	70
Algiers		—	—	Luxor	S	40	104
Amsdm.	C	19	66	L. Ang.†		—	—
Athens	S	24	75	Madrid	F	28	82
Bahrain		—	—	Majorca	S	28	82
Barclna.	S	25	77	Malaga	S	27	81
Beirut		—	—	Malta	S	29	84
Belfast	C	14	57	M'chstr.	C	17	63
Belgrd.	S	28	82	Melbne.		—	—
Berlin	F	16	61	Mx. C.†		—	—
Biarritz	T	21	70	Miami†		—	—
Bmghm.	R	17	63	Milan	F	27	81
Blackpl.	C	17	63	Montrl.†		—	—
Bordx.	C	19	66	Moscow	F	7	45
Boulgn.		—	—	Munich	S	23	73
Bristol	R	17	63	Nairobi		—	—
Brussels	S	21	70	Naples	S	25	77
Budpst.	F	26	79	Nassau		—	—
Cairo		—	—	Nwcstl.	C	13	55
Cardiff	C	18	64	N York†		—	—
Cas'b'ca	C	21	70	Nice	C	23	73
Cape T.		—	—	Nicosia	S	24	75
Chicg.†		—	—	Oporto	C	18	64
Cologne	S	22	72	Oslo	S	13	55
Cpnhgn.	S	14	57	Paris	S	25	77
Corfu	S	28	82	Perth		—	—
Denver†		—	—	Prague	F	21	70
Dublin	C	13	55	Rykjvk.	F	13	55
Dbrvnk.	F	25	77	Rhodes	S	24	75
Ednbgh.	C	13	55	Rio J'o†		—	—
Faro	F	24	75	Rome	S	26	79
Florence	C	26	79	Salzbrg.	F	24	75
Frankft.	S	24	75	S'cisco†		—	—
Funchal	F	24	75	S. Mritz.		—	—
Geneva	S	25	77	Singapr.		—	—
Gibrltr.	S	24	75	Stckhm.	C	10	50
Gl'sg'w	C	13	55	S'tiago†		—	—
G'rnsey	C	17	63	Strasbg.	S	25	77
Helsinki	F	8	46	Sydney		—	—
H. Kong		—	—	Tangier	C	23	73
Innsbrk.	S	26	79	Tel Aviv	S	23	73
Invrnes.	S	13	55	Tenerife	F	23	73
I.o.Man	C	15	59	Tokyo		—	—
Istanbul	F	21	70	Tripoli†		—	—
Jersey	C	20	68	Tunis	S	31	88
Jo'burg		—	—	Valencia	S	29	84
L. Plms.		—	—	Venice	F	26	79
Lisbon	F	24	75	Vienna	S	23	73
Locarno	S	26	79	Warsaw	[illegible]	14	57
London	C	17	63	Zurich	S	25	77

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures.

THE LEX COLUMN

Argyll's version of Discount '82

Index fell 8.8 to 5787.5

Last summer UK equity prices went on blithely rising while other world stock markets were in retreat, and suffered a very nasty adjustment in consequence. It would be too much to suggest that the same was happening now, but certainly the 15 point reverse in the FT 30-Share Index in the last two days reflects to some extent the market's sudden concern with the weakness of Wall Street. The Dow-Jones is down 8 per cent in a month, and yesterday First Boston reversed its premature prime rate reduction by moving back up to 16½ per cent.

After Tuesday's fall in British clearing bank base rates, downward pressure on interest rates in London has evaporated. And the feeling of exhaustion is increased by the worsening of the general news background, in the Middle East as well as in the Falklands, where unhappy military news comes on top of concern about the cost of maintaining a large garrison.

One immediate victim of the London market's little shake-out was yesterday's Argyll Foods offer for sale, which was only a quarter covered. Curiously, though, more than a third of the modest level of applications fell in the top 5p of the 85p to 100p tender range, which gives some idea of the difficulty of setting a price.

The food retailing sector stands some 5 per cent above its level of mid-May, when the Argyll underwriting was done at 85p, so it looks as though general lack of enthusiasm for the issue was more to blame than the state of the market. The sub-underwriting was well spread, but still some £60m of reluctant cash must be found, which is not going to help prices over the next week.

In the gilt-edged market, similarly, the new convertible tap has been left stranded at a level which puts a firm lid on the prices of short-dated stock. Bullish sentiment is still reeling from the news that the Government Broker, who remains staunchly independent of all U.S. banking groups, is to stay open for business until five o'clock—clear proof of the Government's determination to compete with the building societies for funds.

Northern Foods

More is expected of Northern Foods than of almost any other company in the food sector and a 20 per cent advance in interim profits, to £20.7m pre-tax, is apparently not up to scratch. The shares lost 6p yesterday to close at 150p. Even at this level, however, the prospective yield is not much above 5 per cent so the market has a right to be fussy. There is, on the face of it, little in the performance during the six months to March which would justify Northern's demanding rating.

Northern had the benefit of last year's £41m rights issue for almost the whole period and gained perhaps £1m extra from the equity accounting of its Avana holdings. With Bluebird in the U.S. improving slightly on last year's dismal first half, there was precious little advance in underlying UK profits.

Outside brewing, volume has been fairly buoyant, thanks in large measure to the strong relationship with Marks and Spencer. Yet margins are under heavy pressure almost across the board. Northern will spend around £100m on acquisitions and fixed assets this year, leaving net debt equivalent to about 40 per cent of shareholders' funds by September.

The second half trading performance will certainly be better. Pork Farms is retrieving lost margins, milk products are well up and with good summer weather around £45m pre-tax looks attainable. The problem is what to do next. Liquid milk sales are in secular decline and Northern's cost structure is already very lean. The Bluebird acquisition has not yet proved a great success and the company will be hoping for a fairer wind with Keystone, its second major U.S. purchase. The omens here look more auspicious.

Hill Samuel

Over the past two years Hill Samuel has more than doubled after-tax profits, producing a 42 per cent increase to £16m in the 12 months to March, after a dismal decade. The group has by now probably made all the more obvious improvements to its operation and the going will get harder. In the UK banking business Hill Samuel has shifted out of prestige syndicated loans into more specialised and higher margin, areas such as trade and shipping finance, as well as personal loans out of its branch network. With the abolition of exchange controls it has also been able to take advantage of the growing enthusiasm among its extensive mediumed-sized corporate client portfolio for forward exchange cover.

Elsewhere there has been steady improvement. The loss in insurance broking has been halved to £0.6m and there are prospects of break-even this year. In shipping services the underlying profit increase may be about a third, while employee benefit services were boosted by the capital expenditure in the previous year.

The balance sheet looks satisfactory and the reliance on capital-hungry operations seems to have been reduced. Hill Samuel is planning to build up its existing businesses through expansion and acquisition in the U.S., Far East, UK and Nigeria, and the rerating of the shares may encourage it to use its paper. The outcome this year may be in the region of £17m; the shares fell 7p yesterday to 160p, where the yield is 7.4 per cent.